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Financial reports and audited financial statements, and reports of the Board of Auditors

Implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the financial period ended 31 December 2009

Report of the Secretary-General

Addendum

Summary

The present report is submitted pursuant to General Assembly resolution 48/216 B, in which the executive heads of the United Nations funds and programmes were requested to report to the Assembly at the same time as the Board of Auditors submitted its recommendations on measures taken or to be taken to implement those recommendations.

The Secretary-General has the honour to transmit to the General Assembly the responses of the executive heads of the funds and programmes, namely the International Trade Centre UNCTAD/WTO, the United Nations University, the United Nations Development Programme, the United Nations Children's Fund, the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Institute for Training and Research, the voluntary funds administered by the Office of the United Nations High Commissioner for Refugees, the Fund of the United Nations Environment Programme, the United Nations Population Fund, the United Nations Human Settlements Programme, the Fund of the United Nations International Drug Control Programme and the Fund of the United Nations Crime Prevention and Criminal Justice Programme of the United Nations Office on Drugs and Crime, the United Nations Office for Project Services, the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia.

* A/65/150.

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The present report provides information further to the comments already submitted to the Board of Auditors, which in some cases were included in the Board's final reports to the executive heads of the respective funds and programmes. The executive heads have concurred with many of the Board's recommendations and most of their comments have been duly reflected in the reports of the Board. Therefore, in an effort to reduce redundancy and streamline documentation, the present report provides additional comments from the executive heads only where required, as well as information on the status of implementation, the office responsible, the estimated completion date and the priority for each recommendation contained in the report of the Board of Auditors. In addition, the present report contains an update on the status of implementation of the recommendations of the Board relating to prior periods that the Board considered not to have been fully implemented.

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I. Introduction

1. The present report is submitted in accordance with the provisions of paragraph 7 of General Assembly resolution 48/216 B, whereby the Assembly requested the executive heads of the United Nations funds and programmes to provide, at the same time as the recommendations of the Board of Auditors were submitted to the Assembly, through the Advisory Committee on Administrative and Budgetary Questions, their responses and to indicate measures that would be taken to implement those recommendations, with appropriate timetables.

2. In the preparation of the present report, account was taken of the provisions of the following General Assembly resolutions:

(a) Resolution 52/212 B, in particular paragraphs 3 to 5, and the note by the Secretary-General transmitting the proposals of the Board for improving the implementation of its recommendations approved by the Assembly (A/52/753);

(b) Resolution 62/223, paragraph 11, in which the Assembly reiterated its request that the Secretary-General indicate in future reports on the implementation of the recommendations of the Board of Auditors on the financial statements of the United Nations funds and programmes an expected time frame for the implementation of the recommendations of the Board, as well as the priorities for their implementation and the office holders to be held accountable, and paragraph 10, in which the Assembly reiterated its request that the Secretary-General provide a full explanation for delays in implementation of the recommendations of the Board for prior periods, in particular those recommendations not yet fully implemented which were two or more years old.

3. In respect of time frames, every effort has been made by the executive heads to establish target dates for completion of the implementation of recommendations. However, in some cases the executive heads consider them to be ongoing tasks for which target dates cannot be set for completion.

4. With regard to prioritization, it is noted that the Board categorizes the most important recommendations as "main recommendations". While all accepted recommendations of the Board will be implemented in a timely manner, the main recommendations will be given the highest priority. In addition, any recommendations relating to "matters of emphasis" will be treated with the utmost urgency.

5. Given that the executive heads have concurred with almost all of the Board's recommendations and that many of their comments have been duly reflected in the report of the Board of Auditors, detailed comments are not necessarily provided for all recommendations for the financial period ended 31 December 2009. However, in accordance with paragraph 10 of resolution 62/223, additional information will be provided for all recommendations relating to prior periods that the Board considered not to have been fully implemented.

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II. International Trade Centre UNCTAD/WTO

A. Implementation of the recommendations contained in the report of the Board of Auditors for the biennium ended 31 December 2009[1]

6. The status of implementation of recommendations as of July 2010 is summarized in table 1.

Table 1
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Implemented*	*In progress*	*Target date set*	*No ta*
Division of Programme Support and United Nations Secretariat	5	—	5	4	
United Nations Secretariat	2	—	2	1	
Office of the Executive Director	2	—	2	2	
Total	**9**	—	**9**	**7**	

7. The Board made nine recommendations to the International Trade Centre UNCTAD/WTO (ITC) based on its audit. The implementation of all nine recommendations is in progress. Two recommendations have no target dates either because they are ongoing or because their implementation is dependent on a decision of the General Assembly.

8. **In paragraph 22, the Board recommended that ITC analyse the impact of applying International Public Sector Accounting Standards to its administrative and financial procedures.**

Department responsible: Division of Programme Support

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

9. **In paragraph 29, ITC agreed with the Board's recommendation that, in the reviews of the budgetary process requested by the Committee on Budget, Finance and Administration of the World Trade Organization, ITC highlight the impact of the principle of equal sharing of the regular budget in the event that one parent organization approves a lower amount.**

Department responsible: Division of Programme Support

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

[1] A/65/5 (Vol. III), chap. II.

10. **In paragraph 38, the Board recommended that ITC examine any deficiencies in the end-of-year automated processing of the Integrated Management System (IMIS) which have led to invalid obligations remaining in the financial statements.**

Department responsible:	Division of Programme Support; Division of Administration, United Nations Office at Geneva
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

11. **In paragraph 41, the Board reiterated its previous recommendation that ITC pursue its efforts to increase the level of the operating reserves until the prescribed level is reached.**

12. Given the increase in ITC activities and in order to meet its operational needs, ITC is continuously reviewing the level of the operating reserve in order to progressively increase it to the prescribed level of 15 per cent of expenditure. Further consultations with donors are foreseen in that respect and various options for funding the operating reserve are being considered by the Centre.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	High
Target date:	Ongoing

13. **In paragraph 63, the Board recommended that ITC, in conjunction with the United Nations, consider a review of its policy for the valuation of leave liability in its implementation of the International Public Sector Accounting Standards (IPSAS).**

14. Given that the audit recommendation has been assumed across the United Nations system, this matter is to be discussed with the IPSAS system-wide group with a view to the development of a harmonized approach across the United Nations system.

Department responsible:	Division of Programme Support and Department of Management of the Secretariat
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

15. **In paragraph 67, the Board reiterated its previous recommendation that ITC, in conjunction with the United Nations, develop a funding plan for the end-of-service liabilities for the consideration of and approval by the General Assembly and the General Council of the World Trade Organization.**

16. The United Nations Secretariat has proposed options to the General Assembly for the funding of the end-of-service liabilities. Once a decision has been arrived at by the Assembly, the appropriate action will be taken. It is the intention of ITC to

adopt a funding policy in line with that of the United Nations. See also the response in paragraph 26 below to the recommendation contained in paragraph 13 of the Board's report for the previous financial period.

Department responsible:	Division of Programme Support and Department of Management of the Secretariat
Status:	In progress
Priority:	High
Target date:	Dependent upon a decision of the General Assembly

17. **In paragraph 76, ITC agreed with the Board's recommendation that it refine its indicators of achievement and associated targets with a view to better assessing the qualitative impact of its projects.**

18. The ITC strategic framework performance indicators are defined to identify outcomes. The *WTO Annual Report 2010* should report on the progress achieved and the revised approach should be fully embedded in the annual report for 2011.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

19. **In paragraph 78, the Board recommended that ITC consider ways of creating links between budgetary resources and results.**

20. Creating focus on value for money will be part of the planning process for 2011. The annual report for 2011 will reflect this issue, which will be embedded in the planning and review process by 2012.

Department responsible:	Office of the Executive Director
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

21. **In paragraph 85, ITC agreed with the Board's recommendation that it ensure that: (a) field inventory records are correctly managed and updated; and (b) non-expendable property relating to projects completed in the field has been removed from field inventory and entrusted to other users or disposed of, if appropriate.**

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

B. Implementation of the recommendations contained in the report of the Board of Auditors for the prior biennium

22. In the annex to its report for the biennium ended 31 December 2009, the Board provided a summary of the status of implementation of recommendations for the biennium ended 31 December 2007. Information is provided below on: (i) the three recommendations listed in the annex as outstanding from prior periods; and (ii) the overall status of prior-period recommendations. The information is set out in the order in which the recommendations are presented in the annex.

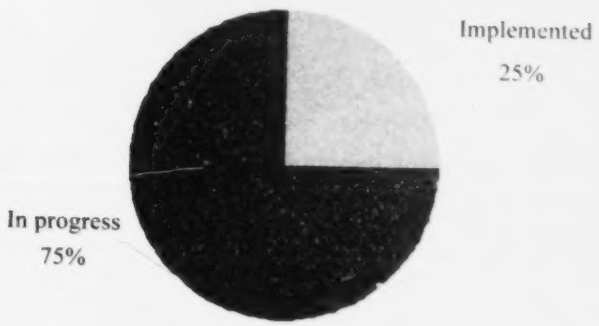
23. The overall situation is summarized in table 2 and figure I.

Table 2
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the biennium ended 31 December 2009

Department responsible	*Number of recommendations*	*Implemented*	*In progress*	*Target date set*	*No target date*
Division of Programme Support and United Nations Secretariat	2	—	2	1	1
United Nations Secretariat	1	—	1	—	1
Outstanding recommendations	**3**	**—**	**3**	**1**	**2**
Implemented/overtaken by events[a]	—	1	—	—	—
Overall status of prior recommendations	**4**	**1**	**3**	**1**	**2**

[a] As reported by the Board (see A/65/5 (Vol. III), chap. II, annex).

Figure I
International Trade Centre
Overall status of prior-period recommendations



24. As is the case for the main recommendations referred to in section A above, implementation of the two recommendations for which no target dates have been set is ongoing or dependent on a decision of the General Assembly.

Report of the Board for the financial period ended 31 December 2007[2]

25. **In paragraph 13, the Board recommended that the Secretary-General of the United Nations, in furtherance of General Assembly resolution 61/264, propose to the Assembly options to address the negative impact on the financial statements of ITC of the recognition of end-of-service liabilities, including after-service health insurance liabilities.**

26. In his report on liabilities and proposed funding for after-service health insurance benefits to the General Assembly at its sixty-fourth session (A/64/366), the Secretary-General submitted to the Assembly for its approval the proposed funding plan for end-of-service liabilities. In its resolution 64/241, the Assembly, on the basis of the report of the Fifth Committee (A/64/594), requested the Secretary-General to submit to it at its sixty-seventh session, for its priority consideration, a report on managing after-service health insurance liabilities and to include in that report, information and an analysis of various issues.

Department responsible:	Division of Programme Support and Department of Management of the Secretariat
Status:	In progress
Priority:	High
Target date:	Dependent upon a decision of the General Assembly

27. **In paragraph 23, ITC agreed with the Board's recommendation that it pursue its efforts to increase the level of the operating reserve until the prescribed level is reached.**

28. The operating reserve as at the end of 2009 has reached 9.1 per cent of annual expenditure and ITC will continue reviewing various options for funding the operating reserve in order to reach the prescribed level of 15 per cent. See also the response in paragraphs 11 and 12 above to the recommendation contained in paragraph 41 of the Board's report for the biennium ended 31 December 2009.

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	High
Target date:	Ongoing

29. **In paragraph 36, the Board recommended that ITC record software as non-expendable property so that it is entered into its inventory.**

Department responsible:	Division of Programme Support
Status:	In progress
Priority:	High
Target date:	Fourth quarter 2013

[2] A/63/5 (Vol. III), chap. II.

III. United Nations University

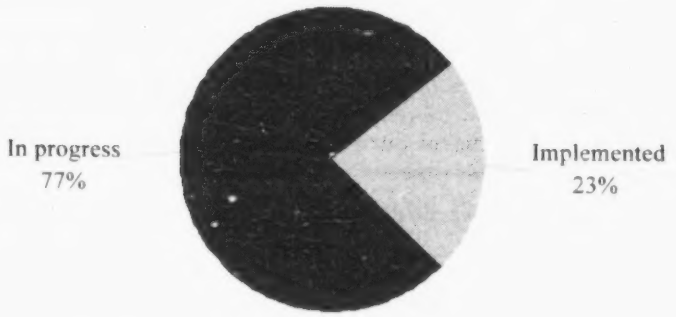
A. Implementation of the recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2009[3]

30. The status of implementation of the main recommendations of the Board of Auditors as at July 2010 is summarized in table 3 and figure II. Of the 13 recommendations listed as "main", the United Nations University (UNU) has since implemented three and it is expected that the remaining 10 will be implemented by December 2011.

Table 3
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Administration	11	—	3	8	8	—
Office of the Rector	2	—	—	2	2	—
Total	**13**	**—**	**3**	**10**	**10**	**—**

Figure II
United Nations University
Status of implementation of main recommendations



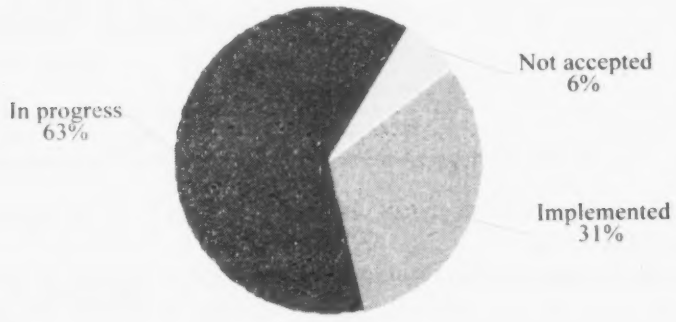
31. With respect to the implementation of all the recommendations for the biennium ended 31 December 2009, of the 16 recommendations listed in table 4 and figure III, five (31 per cent) have since been implemented and one was not accepted. The 10 recommendations implementation of which is in progress (63 per cent) are those referred to in paragraph 30 above.

[3] A/65/5 (Vol. IV), chap. II.

Table 4
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Administration	13	1	4	8	13	—
Office of the Rector	3	—	1	2	2	1
Total	**16**	**1**	**5**	**10**	**15**	**1**

Figure III
United Nations University
Status of implementation of all recommendations



32. **In paragraph 26, UNU agreed with the Board's recommendation that it review, in coordination with the United Nations Joint Staff Pension Fund, the current allocation in the investment portfolio in relation to the proportion of the equity investment in the Endowment Fund.**

Department responsible: Administration

Status: In progress

Priority: High

Target date: First quarter of 2011

33. **In paragraph 34, UNU agreed with the Board's recommendation that it develop a funding plan for end-of-service liabilities for consideration and approval by the UNU Council.**

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

34. **In paragraph 42, the Board recommended that UNU consider a revision of its policy for the valuation of leave liability in its implementation of the International Public Sector Accounting Standards.**

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

35. **In paragraph 59, the Board recommended that UNU develop a project management manual to provide UNU staff with guidance, key principles and a framework for effective programme and project management; and maintain essential files relating to project implementation.**

Department responsible: Office of the Rector

Status: In progress

Priority: High

Target date: Fourth quarter 2010

36. **In paragraph 63, UNU agreed with the Board's recommendation that it take measures to improve project management by including required information in the project workplans.**

Department responsible: Office of the Rector

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

37. **In paragraph 65, UNU agreed with the Board's recommendation that it take measures, in coordination with the United Nations Development Programme, to improve the query function of Atlas based on a cost-effective analysis.**

Department responsible: Administration

Status: Implemented

Priority: High

Target date: Not applicable

38. **In paragraph 70, UNU agreed with the Board's recommendation that it strictly comply with the requirements of rule 8.2.1 (2) of the Procurement Manual in relation to technical specifications.**

Department responsible: Administration

Status: Implemented

Priority: High

Target date: Not applicable

39. **In paragraph 73, UNU agreed with the Board's recommendation that it update procurement plans as required by rule 8.1.4 (1) of the Procurement Manual.**

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

40. **In paragraph 75, UNU agreed with the Board's recommendation that it comply strictly with the Financial Regulations and Rules of the United Nations in relation to the delegation of procurement authority.**

Department responsible: Administration

Status: Implemented

Priority: High

Target date: Not applicable

41. **In paragraph 78, UNU agreed with the Board's recommendation that it prepare contract performance reports on a regular basis, in compliance with rule 7.11.2 (1) (c) of the Procurement Manual.**

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

42. **In paragraph 81, UNU agreed with the Board's recommendation that it conduct physical verification of non-expendable property regularly, in accordance with the requirements of section 3.6 of the administrative instruction on property management and inventory control.**

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

43. **In paragraph 83, UNU agreed with the Board's recommendation that it ensure that, in the selection of personnel, all the required procedures relating to the recruitment process are followed.**

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

44. **In paragraph 86, UNU agreed with the Board's recommendation that, in coordination with the Office of Internal Oversight Services, it expedite the**

finalization of the funding agreement for the provision of internal audit services to UNU.

Department responsible:	Administration
Status:	In progress
Priority:	High
Target date:	First quarter of 2011

45. **In paragraph 19, the Board recommended that UNU disclose in a separate note the reason for the change in policy with regard to transfers from reserves and fund balances to income.**

Department responsible:	Administration
Status:	Not accepted
Priority:	High
Target date:	Not applicable

46. **In paragraph 67, UNU agreed with the Board's recommendation that it make every effort to increase the use of other languages than English to disseminate project outputs.**

Department responsible:	Office of the Rector
Status:	In progress
Priority:	Medium
Target date:	Pending budget availability

47. **In paragraph 88, UNU agreed with the Board's recommendation that it ensure that all of the duty travel expense claims are submitted in a timely manner.**

Department responsible:	Administration
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

B. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

48. In the annex to its report for the financial period ended 31 December 2009, the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on (i) the seven recommendations listed in the annex as outstanding and (ii) the overall status of prior-period recommendations.

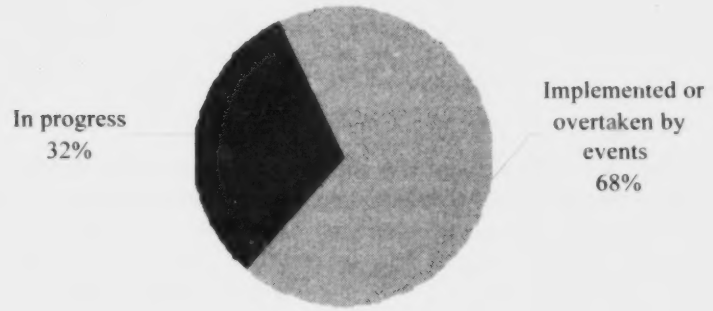
49. The overall situation is summarized in table 5 and figure IV.

Table 5
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2009

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Administration	4	—	—	4	4	—
Office of the Rector	3	—	1	2	2	—
Outstanding recommendations	**7**	**—**	**1**	**6**	**6**	**—**
Implemented/overtaken by events[a]	12	—	12	—	—	—
Overall status of prior recommendations	**19**	**—**	**13**	**6**	**6**	**—**

[a] As reported by the Board (A/65/5 (Vol. IV), chap. II, annex).

Figure IV
United Nations University
Overall status of prior-period recommendations



50. Of the seven outstanding prior-period recommendations, one has since been implemented. The implementation of six recommendations is in progress.

Report of the Board for the financial period ended 31 December 2007[4]

51. **In paragraph 53, the Board recommended that UNU suggest enhancements to the new Atlas system in order to improve the management and recording of the investment accounts.**

52. The Atlas enterprise resource planning system went into effect in 2009. The management has decided to focus on developing other modules of priority to the Organization before implementing the Treasury module for the management and recording of investment accounts.

[4] A/63/5 (Vol. IV), chap. II.

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

53. **In paragraph 59, the Board recommended that UNU provide the appropriate funding for the settlement of end-of-service liabilities.**

54. Given the audit concerns and possible different interpretations of overall leave benefits and variances in the treatment of this issue across the United Nations system, the issue will be discussed further with the IPSAS system-wide group with a view to the development of a harmonized approach across the United Nations system.

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

55. **In paragraph 75 (a), UNU agreed with the Board's recommendation that it tailor its programme planning, budgeting, monitoring and evaluation in accordance with the results-based budgeting concepts.**

56. A programme management manual and guidelines linking programme planning, budgeting, monitoring and evaluation with results-based budgeting are in the process of being developed as part of the ongoing implementation of Atlas.

Department responsible: Office of the Rector

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

57. **In paragraph 75 (b), UNU agreed with the Board's recommendation that it maintain a complete and updated central file for all projects pursuant to the guidelines issued by the Central Monitoring and Inspection Unit.**

58. A central database for all programmes and projects is being developed in the context of the ongoing implementation of Atlas.

Department responsible: Office of the Rector

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

59. **In paragraph 84, UNU agreed with the Board's recommendation that it formulate a policy on the reasonable allocation of the salaries of researchers in project costing.**

Department responsible: Office of the Rector

Status: Overtaken by events

Priority: High

Target date: Not applicable

60. **In paragraph 107, the Board recommended that UNU develop a plan detailing the various steps to be taken leading to the full implementation of IPSAS by 2010.**

61. The IPSAS adoption date for UNU has been postponed to 2014, in line with the timetable of the United Nations Secretariat for the adoption of IPSAS.

Department responsible: Administration

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

62. **In paragraph 110, the Board recommended that UNU request the Office of Internal Oversight Services (OIOS) to include in its plan for the biennium 2008-2009 the audit of the UNU Centre and selected research and training centres, in accordance with a risk-based approach.**

63. UNU is waiting for OIOS to finalize the budget for the audit of UNU.

Department responsible: Administrative

Status: In progress

Priority: High

Target date: First quarter of 2011

IV. United Nations Development Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2009[5]

64. The status of implementation of recommendations as at July 2010 is summarized in tables 6 and 7 and figures V and VI below.

[5] A/65/5/Add.1, chap. II.

Table 6
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Accounts Division	10	0	0	10	9	1
Development Operations Coordination Office	1	0	0	1	0	1
Multi Donor Trust Fund Office	1	0	0	1	1	0
Office of Audit and Investigations	1	0	1	0	0	0
Office of Finance Directorate	3	0	0	3	3	0
Office of Human Resources	2	0	0	2	2	0
Office of Information Systems and Technology	5	0	1	4	4	0
Procurement Support Office	2	0	2	0	0	0
Regional Bureau Headquarters	2	0	0	2	0	2
Security Office	1	0	0	1	1	0
Treasury Division	4	0	0	4	2	2
United Nations Capital Development Fund	2	0	0	2	2	0
United Nations Development Fund for Women	1	0	0	1	1	0
Total	**35**	**0**	**4**	**31**	**25**	**6**

Figure V
United Nations Development Programme
Status of implementation of main recommendations

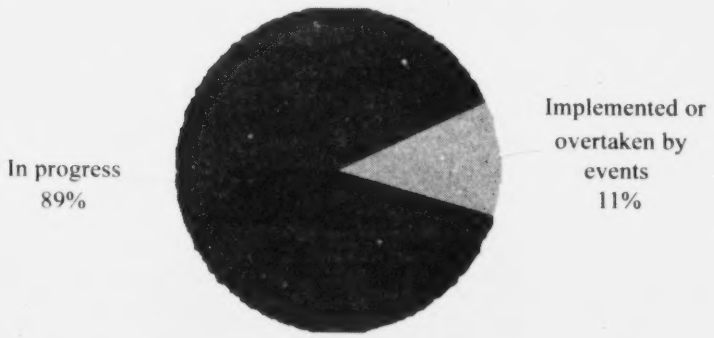
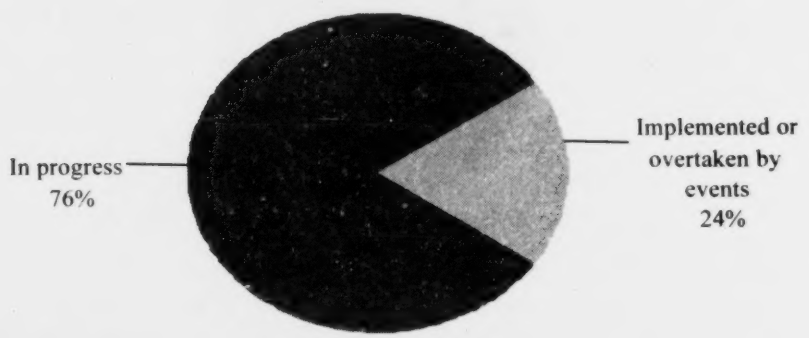


Table 7
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Accounts Division	14	0	0	14	13	1
Admin Services Division	9	0	2	7	3	4
Bureau of Management Directorate	3	0	0	3	2	1
Development Operations Coordination Office	1	0	0	1	0	1
Multi Donor Trust Fund Office	4	0	1	3	2	1
Office of Audit and Investigations	9	0	8	1	1	0
Office of Finance Directorate	4	0	0	4	4	0
Office of Human Resources	6	0	1	5	5	0
Office of Information Systems and Technology	7	0	2	5	5	0
Office of Planning and Budgeting	2	0	0	2	1	1
Operations Support Group	1	0	0	1	1	0
Procurement Support Office	9	0	3	6	5	1
Regional Bureau Headquarters	6	0	0	6	1	5
Security Office	3	0	0	3	3	0
Treasury Division	4	0	0	4	2	2
United Nations Capital Development Fund	4	0	0	4	4	0
United Nations Development Fund for Women	3	0	0	3	3	0
Total	**89**	**0**	**17**	**72**	**55**	**17**

Figure VI
United Nations Development Programme
Status of implementation of all recommendations



Management strategy for addressing key audit issues raised by the United Nations Board of Auditors

65. UNDP is pleased to be among the United Nations organizations that received an unqualified or "clean" audit opinion from the United Nations Board of Auditors on its financial statements for the biennium ended 31 December 2009. While this is the second consecutive biennium that UNDP has been awarded such a positive audit opinion, the UNDP management shares the view of its Audit Advisory Committee that positive gains derived from key management initiatives started in recent years could be easily reversed if those gains are not protected and/or underlying systemic issues are not fully addressed over the longer term. This view is also driven by the increasingly complex, risky and challenging environment in which UNDP offices operate around the world, as well as the lingering impact of the ongoing global financial crisis.

66. In order to ensure that the positive gains achieved are not lost or reversed, there is a need for continued improvements to be achieved (as made evident by the 89 audit recommendations issued by the Board) as UNDP strives for higher standards of organizational excellence that will help programme Governments move closer to achieving the Millennium Development Goals at the national level by 2015.

67. UNDP adopts an accountability-based and risk-informed approach in addressing audit issues, consistent with the principles of accountability outlined in the UNDP accountability framework and oversight policy (DP/2008/16/Rev.1), which was approved by its Executive Board in 2008. The UNDP list of the top 11 audit-related management priorities (regarded by the Board of Auditors as a leading practice in the United Nations system) prioritizes issues and sets the tone at the top by reinforcing key lines of accountability and expectations concerning the oversight responsibilities of heads of UNDP offices in addressing underlying systemic issues arising from audit observations. Pursuant to the principle of mutual accountability, the UNDP approach to audit management requires that central bureaux play oversight and monitoring roles to support the management oversight roles of regional bureaux over their country offices. This involves providing more explicit policy guidelines and procedures, as well as enhanced toolkits and systems so that managers at the local level are empowered and equipped to deal with recurring and underlying audit issues.

68. At the corporate level, UNDP will continue to invest in: (i) strengthening its internal capacity through staff professional certification programmes for core business functions in UNDP; (ii) finding alternative cost-effective ways of supporting smaller offices and offices with limited capacity; (iii) underscoring management oversight of programmatic and operational activities and effective risk mitigation at the headquarters, regional and country office levels; (iv) leveraging information technology to improve organizational efficiency and effectiveness; (v) enhancing the Atlas project module and aligning it with the results-based management system to make it more management user friendly.

69. At the operational level, UNDP recognizes that there will be challenges in fully implementing all 89 audit recommendations of the Board. This is due in part to the impact of the mandated 15 per cent budgetary reduction implemented across UNDP offices for 2010-2011 in response to the anticipated reduction in the level of regular resources contributions. Furthermore, UNDP, like other United Nations

system organizations, continues to deal with residual issues arising from the implementation of the contractual reform and the new system of administration of justice mandated by the General Assembly in 2009. Moreover, UNDP is realigning its enterprise resource planning system (Atlas) and is working to prepare its staff, donors and programme governments for the adoption of IPSAS by January 2012, as mandated by the General Assembly and approved by the UNDP Executive Board. In the light of the above, UNDP will be faced with the challenge of prioritizing its resources, while ensuring that the schedule for the implementation of the audit recommendations is aligned with corporate priorities and/or finding alternative compensatory controls to mitigate audit risks raised by the Board and the Office of Audit and Investigations.

70. In response to a number of audit recommendations that require discipline at the local office level, UNDP will be re-emphasizing the managerial accountability of the heads of UNDP offices for establishing competent and effective governance structures and discipline at their offices in such areas as the clean-up of outstanding balances, the financial closure of operationally closed projects, the management of inactive trust funds, and compliance with the Minimum Operating Security Standards. Mutual accountability will be further clarified and strengthened to ensure that action to implement audit recommendations that involve multiple UNDP headquarters offices is duly coordinated. Examples are the customization and configuration of changes to Atlas, the follow-up of all long-outstanding audit recommendations issued by the Office of Audit and Investigations, support for the implementation of the Harmonized Approach to Cash Transfers modality in UNDP country offices.

71. In addition, UNDP will continue its discussion with the Board to clarify expectations as to the extent to which UNDP actions are recognized when consideration is given to the closure of audit recommendations that are dependent on the reciprocal actions of external parties, including donor Governments, programme Governments and other United Nations agencies. Examples are the reprogramming of remaining balances, inter-agency accounts reconciliation, etc. Furthermore, UNDP will also be re-engaging with the Board in order to clarify the Board's expectations in terms of the completion of implementation of audit recommendations that are of an ongoing nature. An example is the management of trust funds that are in deficit. Last but not least, UNDP will be enhancing its audit database system (CARDS) to facilitate the transparent reporting of actions taken by responsible offices and to allow the Board to more efficiently validate and/or clarify its expectations for the closure of specific audit recommendations.

72. The details of each of the above audit recommendations and the related action plans are described in the following section.

B. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

73. In Annex 1 to its report for the financial period ended 31 December 2009 (A/65/5/Add.1, chap. II), the Board provided a summary of the status of implementation of recommendations for previous financial periods. Of the 82 audit recommendations issued for the biennium ended 31 December 2007, the Board assessed that 27 recommendations related to recommendations issued prior to the

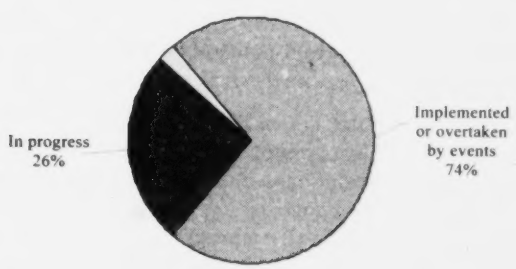
biennium 2008-2009. Of those, 25 were deemed as being "under implementation" or "in progress", and two as being "not implemented". Of the 27 recommendations, four originated from the 2004-2005 audit report. The overall situation is summarized in table 8 and figure VII. Information is provided below on: (i) the 27 recommendations listed as outstanding from prior periods; and (ii) the overall status of prior recommendations.

Table 8
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Accounts Division	7	—	—	7	7	—
Admin Services Division	3	—	1	2	2	—
Development Operations Coordination Office and Administrative Services Division	1	—	—	1	1	—
Office of Audit and Investigations	1	—	1	—	—	—
Office of Finance and Administration Directorate	2	—	—	2	2	—
Office of Human Resources	2	—	—	2	2	—
Operations Support Group	1	—	—	1	1	—
Procurement Support Office	7	—	4	3	3	—
Security Office	1	—	—	1	1	—
Treasury Division	2	—	—	2	2	—
Outstanding recommendations	**27**	**—**	**6**	**21**	**21**	**—**
Implemented/overtaken by events[a]	**55**		**55**			
Overall status of prior recommendations	**82**	**—**	**61**	**21**	**21**	**—**

[a] As reported by the Board (A/65/5/Add.1, chap. II, annex).

Figure VII
United Nations Development Programme
Overall status of prior-period recommendations



74. UNDP noted that the Board reported in annex I that 27 of the 82 recommendations issued for the biennium ended 31 December 2007 had not been fully implemented. While UNDP acknowledges that eight of the 27 recommendations were not fully implemented at the time of the final audit, UNDP analysis indicates that the apparent disparity between UNDP and the Board concerning the implementation rate is due to (a) differing expectations of the Board with regard to implementation standards; (b) movements of both staff in the audit team and key management staff in the responsible divisions at UNDP; and (c) the relatively short time that the management had in which to rectify its audit action plan, given that the audit implementation status was only fully validated by the Board during its final audit in April 2010. UNDP has already initiated enhancement of its audit database system (CARDS) to facilitate the efficient status update of responsible units (with an audit-trail capability) and the effective evidence-based validation of audit implementation by the Board at regular intervals.

75. As at the time of preparation of the present report, six of the 27 pending audit recommendations have been implemented and the management is requesting their closure of the Board of Auditors. Progress has been made with the implementation of all the remaining 21 recommendations. UNDP internal review indicates the following thematic challenges associated with the full implementation of the remaining 21 recommendations:

(a) Full implementation is linked to the schedule for the adoption of IPSAS (five items);

(b) Full implementation is dependent on action by external parties (three items);

(c) Implementation of the pending recommendation is a residual step of the balance sheet clean-up exercise (four items);

(d) Implementation of the pending recommendation is a residual step of the implementation strategy based on prioritization (five items);

(e) Full implementation is expected to be a challenge given the ongoing nature of the recommendation (four items).

76. The implementation of five recommendations is linked to the schedule for the adoption of IPSAS, in January 2012. Those recommendations concern: (i) reassessment of all the properties under the reserve for field accommodation (A/63/5/Add.1, chap. II, para. 106); (ii) full provision for after-service health insurance liabilities on the face of the financial statements and establishment of a matching funding strategy (para. 166); (iii) disclosure of actual accrued annual leave and repatriation grant liabilities on the face of the financial statements (para. 173); (iv) ongoing mitigation of project risks associated with the adoption of IPSAS (para. 191); and (v) formalization of relevant policies for the recording of direct execution project assets (para. 264).

77. Three recommendations are dependent on the reciprocal actions of external parties, such as donors and programme Governments. UNDP is committed to implementing these recommendations, although full implementation may be a challenge. The recommendations concern: (i) the refund of interest due to donors (A/63/5/Add.1, chap. II, para. 72); (ii) reprogramming of fund balances based on donors' instructions (para. 76); and (iii) changes to previously agreed outcome

indicators with programme Governments to make them specific, measurable, achievable, realistic and time-bound (para. 194).

78. Four recommendations relate to residual steps of the balance sheet clean-up exercise started by UNDP that is expected to be finalized in the new biennium. During its audit, the Board commended UNDP for the progress it had achieved to date. Those recommendations concern: (i) follow-up of certain accounts receivable balances (para. 53); (ii) assessment of the recoverability of certain staff debtor balances (para. 60); (iii) follow-up of miscellaneous accounts payable balances (para. 81); and (iv) determination of refunds for certain financially closed projects (para. 94).

79. Another five audit recommendations are expected to be fully implemented within the next 18 months as residual steps of the Procurement Roadmap implementation strategy and the human resource strategy. They concern: (i) the implementation of procurement planning (para. 239); (ii) the enhancement of the existing procurement planning tool (para. 240); (iii) the implementation of selective procurement benchmarks for centrally procured items managed by the Global Procurement Unit at Copenhagen (para. 232); (iv) the progressive roll-out of the leave module in Atlas and strengthening of the quality of leave records at country offices (para. 291); and (v) the development of business continuity plans for UNDP country offices (para. 305).

80. There are four pending recommendations; their full implementation may be a challenge given its ongoing nature. UNDP will continue to monitor the issues and proactively alert the management to address them before they become a concern. They relate to: (i) European Commission-funded trust funds in deficit owing to a clause in the standard agreement with the Commission which states that final payment will be released only upon the completion of the project and the submission of the final report (para. 110); (ii) inactive trust funds (para. 117); (iii) financial closure of all operationally closed projects (para. 348); and (iv) controls to ensure that memorandums of understanding are completed for all common services at the country level (para. 438).

81. The details of each of the above-mentioned pending recommendations and its action plan are set out below.

C. Implementation of the recommendations contained in the report of the Board for the financial period ended 31 December 2009[6]

82. **In paragraph 23, the Board recommended that UNDP carry out project risk management to mitigate the risks arising from the implementation of International Public Sector Accounting Standards throughout the life of the project.**

Department responsible:	Office of Administration and Finance Directorate
Status:	In progress
Priority:	High
Target date:	First quarter of 2012

[6] A/65/5/Add.1, chap. II.

83. **In paragraph 36, the Board reiterated its recommendation that UNDP review individual biennial support budget obligations to ensure that only valid obligations remain open at the end of the biennium.**

Department responsible:	Office of Planning and Budgeting
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2011

84. **In paragraph 40, UNDP agreed with the Board's recommendation that it (a) perform a review of Atlas user rights for journal entries to address incompatible functions; and (b) perform regular reviews of the journals captured and approved to ensure that journal entries have not been captured and approved by the same person.**

Department responsible:	Office of Finance and Administration Directorate
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

85. **In paragraph 46, UNDP agreed with the Board's recommendation that it (a) ensure that all country offices certify their unliquidated obligations; and (b) clear balances included in unliquidated obligations that do not represent open purchase orders.**

Department responsible:	Accounts Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2011

86. **In paragraph 58, the Board reiterated its recommendation that UNDP (a) implement processes to monitor the ageing of receivable balances; (b) intensify its efforts to follow up and recover receivable balances; (c) review long-outstanding receivable balances during the preparation of its financial statements; and (d) continue to investigate all staff debtors balances and assess recoverability in compliance with UNDP rules.**

Department responsible:	Accounts Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

87. **In paragraph 59, the Board recommended that UNDP establish an urgent deadline to clear all legacy balances.**

Department responsible: Accounts Division

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

88. **In paragraph 65, the Board reiterated its previous recommendation that UNDP continue to (a) reclassify and disclose interest due to donors in its presentation of financial statements; and (b) periodically reconcile the account to reflect interest refunds due to donors.**

Department responsible: Treasury Division

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

89. **In paragraph 66, the Board recommended that UNDP continue to follow up with donors to ensure that interest earned on contributions is refunded or reprogrammed.**

Department responsible: Treasury Division

Status: In progress

Priority: High

Target date: To be determined (pending clarification of expected standards)

90. **In paragraph 71, UNDP agreed with the Board's reiterated recommendation that it implement measures to fully analyse and review the accounts related to refunds pending to donors and take steps to clear those accounts regularly.**

Department responsible: Treasury Division

Status: In progress

Priority: High

Target date: To be determined (pending clarification of expected standards)

91. **In paragraph 75, UNDP agreed with the Board's reiterated recommendation that it continue its efforts to clear other accounts payable accounts.**

Department responsible: Accounts Division

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

92. **In paragraph 78, the Board recommended that UNDP consider revising its presentation of the notes to the financial statements to ensure alignment with**

the face of the financial statements to ensure they are complete and understandable.

Department responsible: Accounts Division

Status: In progress

Priority: High

Target date: Second quarter of 2011

93. **In paragraph 85, the Board reiterated its previous recommendation that UNDP continue its efforts to close all inactive trust funds.**

Department responsible: Accounts Division

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

94. **In paragraph 86, UNDP agreed with the Board's recommendation that it perform a review of trust funds with minimal activity and address any reasons for delay in execution of projects or inform/consult with the donor to determine whether additional funding can be made available to cover the excess expenditure.**

Department responsible: Accounts Division

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

95. **In paragraph 91, the Board reiterated its previous recommendation that UNDP (a) continue to follow up all trust funds in deficit; and (b) recover from the donors expenditure incurred in excess of the funding received.**

Department responsible: Accounts Division

Status: In progress

Priority: High

Target date: To be determined (pending clarification of expected standards)

96. **In paragraph 97, UNDP agreed with the Board's reiterated recommendation that it implement processes to reassess its position in relation to the reserve for field accommodation in line with the decision of the Executive Board.**

Department responsible: Administrative Services Division

Status: In progress

Priority: Medium

Target date: First quarter of 2012

97. **In paragraph 108, the Multi-Donor Trust Fund Office agreed with the Board's recommendation and indicated that it had already taken action to perform the mandatory review of the policy directive considering the changes to the reporting structure and the timelines for reporting to the Administrator.**

Department responsible:	Multi-Donor Trust Fund Office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

98. **In paragraph 112, the Board recommended that the Multi-Donor Trust Fund Office liaise with the Advisory Group of the United Nations Development Group to implement additional controls to ensure that participating organizations submit progress reports to allow for timely donor reporting.**

Department responsible:	Multi-Donor Trust Fund Office
Status:	In progress
Priority:	High
Target date:	Third quarter of 2010

99. **In paragraph 119, the Multi-Donor Trust Fund Office agreed with the Board's recommendation that, in consultation with the relevant supervision and coordination structures, it review its revenue recognition principles.**

Department responsible:	Multi-Donor Trust Fund Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

100. **In paragraph 125, the Board supported the importance of the initiative of the Multi-Donor Trust Fund Office to carry out the analysis to identify the country offices that are not performing in terms of the delegation document and take the necessary remedial action.**

Department responsible:	Multi-Donor Trust Fund Office
Status:	In progress
Priority:	Medium
Target date:	To be determined (pending clarification of expected standards)

101. **In paragraph 132, the Board recommended that the United Nations Development Operations Coordination Office, in collaboration with the responsible decision-making departments and committees, identify and mandate the organs of relevant entities that would be able to perform all the management review, oversight and assurance tasks related to multi-donor trust funds on a proactive basis.**

Department responsible:	Development Operations Coordination Office
Status:	In progress
Priority:	High
Target date:	To be determined (pending discussion with the inter-agency forum)

102. **In paragraph 139, UNDP agreed with the Board's recommendation that it continue its effort to reconcile inter-agency balances with other United Nations agencies.**

Department responsible:	Accounts Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2011

103. **In paragraph 145, the Board recommended that UNDP, in conjunction with the United Nations Office for Project Services, resolve long-outstanding differences noted in the inter-fund reconciliation.**

Department responsible:	Accounts Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2011

104. **In paragraph 151, the Board reiterated its previous recommendation that UNDP provide fully for all end-of-service liabilities.**

Department responsible:	Accounts Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2012

105. **In paragraph 152, the Board recommended that UNDP consider a funding policy for all end-of-service liabilities.**

Department responsible:	Office of Finance and Administration Directorate
Status:	In progress
Priority:	High
Target date:	First quarter of 2012

106. **In paragraph 168, the Board recommended that UNDP reconsider and formalize its portfolio investment strategy for after-service health insurance related assets.**

Department responsible:	Treasury Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

107. **In paragraph 173, the Board reiterated its previous recommendation that UNDP accurately calculate and disclose the actual accrued annual leave and repatriation grant liabilities on the face of the financial statements.**

Department responsible:	Accounts Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2012

108. **In paragraph 175, the Board recommended that the United Nations Capital Development Fund and the United Nations Development Fund for Women (a) fully provide for after-service health insurance and end-of-service liabilities; (b) establish a policy to fund the liabilities; and (c) correctly calculate and accrue for the annual leave liability.**

Department responsible:	United Nations Capital Development Fund and United Nations Development Fund for Women
Status:	In progress
Priority:	High
Target date:	First quarter of 2012

109. **In paragraph 183, UNDP agreed with the Board's recommendation that it continue with efforts to ensure the timely submission, review and approval of the management workplans within the enhanced results-based management platform.**

Department responsible:	Office of Planning and Budgeting
Status:	In progress
Priority:	Medium
Target date:	To be determined (pending clarification of expected standards)

110. **In paragraph 187, UNDP agreed with the Board's recommendation that it review all indicators of achievement reflected in the results management database and ensure that they are specific, measurable, attainable, relevant and time-bound.**

Department responsible:	Operations Support Group
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2011

111. **In paragraph 196, the Board recommended that UNDP ensure that there is segregation of duties in the preparation of bank reconciliations and follow-up of long-outstanding items.**

Department responsible:	Office of Finance and Administration Directorate
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

112. **In paragraph 200, UNDP agreed with the Board's recommendation that it continue its efforts to follow up on negative balances that represent pre-2004 take-on balances in Atlas, as well as those advances that have arisen owing to expenditure being incorrectly allocated to projects with no advances.**

Department responsible:	Accounts Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

113. **In paragraph 206, the Board reiterated its previous recommendation that UNDP (a) follow up on all outstanding audit reports; and (b) include a measurable indicator in the balanced scorecard for timely submission and quality of nationally executed expenditure audit reports.**

Department responsible:	Office of Audit and Investigations
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

114. **In paragraph 209, the Office of Audit and Investigations agreed with the Board's recommendation that it update the terms of reference to give guidance on the materiality of errors that should be considered in qualifying audit opinions, in accordance with the International Standards on Auditing.**

Department responsible:	Office of Audit and Investigations
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

115. **In paragraph 215, the Office of Audit and Investigations agreed with the Board's recommendation that it (a) take note of the identified findings and take them into account when it performs its detailed review of the audit opinions issued; and (b) update the database accordingly.**

Department responsible:	Office of Audit and Investigations
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

116. **In paragraph 216, the Board recommended that UNDP country offices improve national implementation audit processes to ensure that the correct information is captured into the national implementation database.**

Department responsible:	Office of Audit and Investigations
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

117. **In paragraph 221, the Office of Audit and Investigations agreed with the Board's recommendation that it (a) continue to inform the country offices of the requirements of the awards to be covered under the risk-based audit approach; (b) perform adequate reviews of the audit plans of the country office to ensure that all awards that must be included in the audit plan were included in the audit plan; and (c) continue to perform follow-ups with country offices to ensure that audit plans are submitted by the due date.**

Department responsible:	Office of Audit and Investigations
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

118. **In paragraph 222, the Board recommended that UNDP improve its procedures to ensure that all country office plans are complete.**

Department responsible:	Office of Audit and Investigations
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

119. **In paragraph 229, the Board reiterated its previous recommendation that UNDP (a) prioritize the financial closure of all operationally closed projects; and (b) address the causes for delays in the finalization of projects.**

Department responsible:	Accounts Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

120. **In paragraph 234, the Board recommended that UNDP (a) provide training to all units on the utilization of the project monitoring tool in Atlas; (b) implement processes to increase the use of Atlas to monitor projects at country offices; and (c) further implement controls to perform monthly reviews of Atlas reports to ensure projects are accurately captured and monitored.**

Department responsible: Bureau of Management Directorate

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

121. **In paragraph 241, the Board recommended that (a) the Harmonized Approach to Cash Transfer process at country offices as it relates to UNDP be reviewed by regional bureaux to provide an independent review of the process; and (b) headquarters take on the responsibility of driving the Harmonized Approach to Cash Transfer implementation, monitoring and oversight of the progress of UNDP country offices.**

Department responsible: Regional bureaux

Status: In progress

Priority: High

Target date: To be determined (pending clarification of expected standards)

122. **In paragraph 245, the Board considered the findings and recommendations of the joint audit team as important and recommended that UNDP apply the lessons learned and recommendations to other UNDP country offices.**

Department responsible: Regional bureaux

Status: In progress

Priority: Medium

Target date: To be determined (pending clarification of expected standards)

123. **In paragraph 251, UNDP agreed with the Board's reiterated recommendation that it put in place individual and consolidated procurements plans at all country offices and at headquarters.**

Department responsible: Procurement Support Office

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

124. **In paragraph 252, UNDP agreed with the Board's reiterated recommendation that it implement the procurement planning software tool and ensure that it is used by all country offices and relevant headquarters units.**

Department responsible: Procurement Support Office

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

125. **In paragraph 259, UNDP agreed with the Board's recommendation that it further strengthen controls at the country office level to ensure that, prior to**

dealing with prospective vendors, the country offices ensure that the vendors are not on the Security Council list of prohibited suppliers.

Department responsible: Procurement Support Office

Status: Implemented

Priority: High

Target date: Not applicable

126. **In paragraph 260, UNDP agreed with the Board's recommendation that it ensure that the newly developed Atlas checking mechanism is implemented.**

Department responsible: Procurement Support Office

Status: Implemented

Priority: High

Target date: Not applicable

127. **In paragraph 264, UNDP agreed with the Board's recommendation that it (a) perform a regular review of "buyer" profiles in Atlas to ensure that only procurement staff have a "buyer" profile and remove all buyer profiles for non-procurement staff in Atlas; and (b) improve the certification rate.**

Department responsible: Procurement Support Office

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

128. **In paragraph 272, UNDP agreed with the Board's recommendation that it (a) review the purchase vouchers issued without a purchase order and address the shortcomings thereof; (b) implement controls to ensure that all purchase vouchers (except for exceptions provided for in Programme and Operational Policies and Procedures) are issued with a purchase order; and (c) monitor compliance.**

Department responsible: Procurement Support Office

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

129. **In paragraph 276, UNDP agreed with the Board's recommendation that it implement specific controls to monitor instances of long delay in the payment processing time for its vendors.**

Department responsible: Procurement Support Office/Accounts Division

Status: In progress

Priority: Medium

Target date: To be determined (pending clarification of expected standards)

130. **In paragraph 283, UNDP agreed with the Board's reiterated recommendation that it implement controls in the physical verification procedures, including the identification of unserviceable, redundant or obsolete items.**

Department responsible:	Administrative Services Division
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

131. **In paragraph 288, UNDP agreed with the Board's recommendation that it (a) develop procedures to regulate adjustments made to the Atlas asset master file; (b) consider incorporating within Atlas the functionality of approval of all adjustments made to the Atlas asset master file; and (c) retain supporting documents for all asset adjustments.**

Department responsible:	Administrative Services Division
Status:	In progress
Priority:	Medium
Target date:	To be determined (pending clarification of feasibility studies and cost-benefit analysis)

132. **In paragraph 295, UNDP agreed with the Board's recommendation that it (a) address the discrepancies identified and update the asset register accordingly; and (b) make improvements in the Atlas input controls to avoid errors and discrepancies in asset records from recurring.**

Department responsible:	Administrative Services Division
Status:	In progress
Priority:	Medium
Target date:	To be determined (pending clarification of feasibility studies and cost-benefit analysis)

133. **In paragraph 302, UNDP agreed with the Board's recommendation that it review the risks associated with the use of "project type" as a field to classify assets as management or development, with a view to exploring other classification options that address some of the current noted weaknesses.**

Department responsible:	Administrative Services Division
Status:	In progress
Priority:	Medium
Target date:	To be determined (pending clarification of feasibility studies and cost-benefit analysis)

134. **In paragraph 306, UNDP agreed with the Board's reiterated recommendation that it (a) establish a formal policy for the recording and accounting of direct expenditure modality assets on the Atlas asset module at**

the country office level and at headquarters; and (b) implement procedures to control direct expenditure modality assets.

Department responsible:	Administrative Services Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

135. **In paragraph 312, UNDP agreed with the Board's reiterated recommendation that it improve all controls over leave administration to ensure accurate leave balances.**

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

136. **In paragraph 314, the Office of Audit and Investigations agreed with the Board's recommendation that it perform an internal audit of leave management to ensure the accuracy of leave balances.**

Department responsible:	Office of Audit and Investigations
Status:	Implemented
Priority:	High
Target date:	Not applicable

137. **In paragraph 316, UNDP agreed with the Board's recommendation that it (a) prioritize addressing weaknesses in leave administration; (b) expedite the configuration and use of the Atlas absence management module; and (c) ensure that leave monitors' leave administration is independently reviewed by their direct supervisors.**

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

138. **In paragraph 321, UNDP agreed with the Board's reiterated recommendation that it (a) fully utilize the vacancy rate tool to monitor appointment processes; and (b) implement human resources planning methods, such as succession planning and demand forecasting for high volume hiring units.**

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

139. **In paragraph 323, UNDP agreed with the Board's recommendation that it consider developing a tool that would enable it to track the vacancy rate and vacancy lead times throughout the organization.**

Department responsible: Office of Human Resources

Status: In progress

Priority: Medium

Target date: Second quarter of 2011

140. **In paragraph 329, UNDP agreed with the Board's recommendation that it comply with the Results and Competency Assessment Guidelines regarding the timely performance of the midterm reviews.**

Department responsible: Office of Human Resources

Status: Overtaken by events

Priority: Medium

Target date: Overtaken by events

141. **In paragraph 336, the Board emphasized all matters identified by the Office of Audit and Investigations in its audit of the global payroll, benefits and entitlements function.**

Department responsible: Office of Human Resources

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

142. **In paragraph 340, the Board reiterated its previous recommendation that UNDP implement controls to ensure that performance evaluations relating to special service agreement contracts are performed in a timely manner.**

Department responsible: Procurement Support Office

Status: Implemented

Priority: Medium

Target date: Not applicable

143. **In paragraph 341, the Board reiterated its previous recommendation that UNDP ensure that all country offices and headquarters units maintain rosters of consultants in compliance with the special service agreement policies and procedures.**

Department responsible: Procurement Support Office

Status: In progress

Priority: Medium

Target date: Third quarter of 2010

144. **In paragraph 349, UNDP agreed with the Board's recommendation that it (a) implement procedures to ensure that travel advances are reconciled to the**

F-10 travel reports, travel checklists and travel expense reports; and (b) ensure its staff comply with the UNDP travel policies with regard to timely submission of F-10 forms and travel checklists and expenditure reports.

Department responsible: Administrative Services Division

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

145. **In paragraph 355, the Board recommended that UNDP consider implementing compensating controls in the absence of the implementation of the travel and expenditure module at the country offices.**

Department responsible: Administrative Services Division

Status: Implemented

Priority: Medium

Target date: Not applicable

146. **In paragraph 362, the Board recommended that UNDP (a) consider approval of the information technology security policy; (b) communicate the formalized information technology security policy to all relevant stakeholders; and (c) monitor compliance on a regular basis.**

Department responsible: Office of Information Systems and Technology

Status: Implemented

Priority: High

Target date: Not applicable

147. **In paragraph 363, the Board further recommended that UNDP conduct an information and communication technology security risk assessment regularly.**

Department responsible: Office of Information Systems and Technology

Status: In progress

Priority: High

Target date: Third quarter of 2010

148. **In paragraph 368, the Board recommended that UNDP (a) perform regular quality assurance checks of all data fixes made in the production environment; (b) ensure that all types of changes are signed off by business owners; (c) ensure that mandatory fields are captured in TeamTrack; and (d) regularly review the activities of database administrators and access to the production environment.**

Department responsible: Office of Information Systems and Technology

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

149. **In paragraph 373, the Board recommended that UNDP (a) review access of all users on the deviation report; (b) review the appropriateness of users with multiple profiles on a periodic basis; and (c) monitor the actions and the activities of security administrators on a regular basis.**

Department responsible:	Office of Information Systems and Technology
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

150. **In paragraph 376, the Board recommended that, when duly completed, UNDP obtain a SAS 70 Type II report from the United Nations Information Computer Centre to gain assurance that the key controls at the hosting provider were operating with sufficient effectiveness.**

Department responsible:	Office of Information Systems and Technology
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

151. **In paragraph 379, the Board repeated its previous recommendation that UNDP implement controls to ensure that country offices and business units develop business continuity and disaster recovery plans.**

Department responsible:	Office of Information Systems and Technology
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

152. **In paragraph 380, the Board further recommended that UNDP implement procedures for country offices and business units to regularly test the business continuity and disaster recovery plans.**

Department responsible:	Office of Information Systems and Technology
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

153. **In paragraph 382, the Board recommended that UNDP implement controls to ensure country offices meet the minimum technology guidelines issued, including the requirement for physical access and environmental controls in the management of server rooms at country offices.**

Department responsible:	Office of Information Systems and Technology
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

154. **In paragraph 386, the Board considered the findings of the internal audit with regard to information technology governance as important and recommended that UNDP address those findings.**

Department responsible:	Office of Information Systems and Technology
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

155. **In paragraph 391, the Board considered the recommendation of the Office of Audit and Investigations in relation to the review of Atlas to be important and recommended that UNDP fully implement all the recommendations.**

Department responsible:	Bureau of Management Directorate
Status:	In progress
Priority:	Medium
Target date:	To be determined (pending clarification of expected standards)

156. **In paragraph 395, the Board recommended that UNDP ensure that all country offices comply with the Minimum Operating Security Standards.**

Department responsible:	Security Office
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

157. **In paragraph 399, the Board reiterated its previous recommendation that UNDP, in collaboration with the Development Operations Coordination Office, implement controls to ensure that standard memorandums of understanding are completed for all common service agreements at the country level.**

Department responsible:	Administrative Services Division
Status:	In progress
Priority:	High
Target date:	To be determined (pending clarification of expected standards and responsibility of the Development Operations Coordination Office)

158. **In paragraph 404, the Board recommended that UNDP ensure that all regional centres, in consultation with regional bureaux, sign all long-term corporate agreements within the set deadlines.**

Department responsible:	Regional bureaux
Status:	In progress
Priority:	High
Target date:	To be determined (pending clarification of expected standards)

159. **In paragraph 410, the Board recommended that UNDP ensure that regional service centres (a) align their activities to ensure that the annual workplans of the regional service centre are prepared in time, taking into account all the necessary consultations and reviews by the relevant stakeholders; and (b) adhere to the requirements of the UNDP guidelines in relation to the establishment of the Regional Service Centre Advisory Board.**

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	To be determined (pending clarification of expected standards)

160. **In paragraph 413, the Board recommended that UNDP ensure that results and competency assessments are performed for directors of regional service centres.**

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

161. **In paragraph 417, the Board considered the findings of the Office of Audit and Investigations in relation to regional bureaux as important and recommended that UNDP address those issues across all regional bureaux.**

Department responsible:	Regional bureaux
Status:	In progress
Priority:	Medium
Target date:	To be determined (pending clarification of expected standards)

162. **In paragraph 420, the United Nations Capital Development Fund agreed with the Board's recommendation that it (a) implement controls to ensure that cash advances are applied in a timely manner; and (b) adjust its cash balance and reclassify the amounts accordingly.**

Department responsible:	United Nations Capital Development Fund
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

163. **In paragraph 423, the United Nations Capital Development Fund agreed with the Board's recommendation that it clear invalid purchase orders and record unliquidated obligations using valid purchase orders at the end of the biennium.**

Department responsible: United Nations Capital Development Fund

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

164. **In paragraph 425, the United Nations Capital Development Fund agreed with the Board's recommendation that it clear all legacy system balances.**

Department responsible: United Nations Capital Development Fund

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

165. **In paragraph 427, the United Nations Development Fund for Women (UNIFEM) agreed with the Board's recommendation that it (a) perform adequate bank reconciliation processes in order to identify duplicate payments and other reconciling items; and (b) follow up to obtain clarification of the unexplained amount.**

Department responsible: UNIFEM

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

166. **In paragraph 429, UNIFEM agreed with the Board's recommendation that it clear all legacy system balances.**

Department responsible: UNIFEM

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

167. **In paragraph 431, UNIFEM agreed with the Board's recommendation that it clear invalid purchase orders and record unliquidated obligations using valid purchase orders at the end of the biennium.**

Department responsible: UNIFEM

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

168. **In paragraph 438, the Board recommended that the Office of Audit and Investigations continue to strive for improvement in the six remaining internal audit standards.**

Department responsible: Office of Audit and Investigations

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

169. **In paragraph 441, the Board recommended that the Office of Audit and Investigations expedite the filling of vacant posts.**

Department responsible: Office of Audit and Investigations

Status: Implemented

Priority: Medium

Target date: Not applicable

170. **In paragraph 454, the Board shared the recommendations contained in reports of the Office of Audit and Investigations and underscored the need for UNDP to address the matters highlighted.**

Department responsible: Bureau of Management Directorate

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

D. Recommendations issued by the Board for the biennium ended 31 December 2007 and earlier bienniums

171. **In paragraph 53 of its report for the biennium ended 31 December 2007 (A/63/5/Add.1, chap. II), the Board recommended that UNDP (a) implement processes to monitor the ageing of receivable balances; (b) intensify its efforts to follow up and recover receivable balances; and (c) review long-outstanding receivable balances during the preparation of its financial statements.**

172. Residual major balance sheet clean-up efforts are being conducted.

Department responsible: Accounts Division

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

173. **In paragraph 60, UNDP agreed with the Board's recommendation that it continue to investigate all staff debtors' balances and assess recoverability in compliance with UNDP rules.**

174. Residual major balance sheet clean-up efforts are being conducted.

Department responsible:	Accounts Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

175. **In paragraph 72, UNDP agreed with the Board's recommendation that it (a) reclassify and disclose interest due to donors in its presentation of financial statements; and (b) periodically reconcile the account to reflect interest refunds due to donors.**

176. Implementation of the recommendation involves the actions of external parties.

Department responsible:	Treasury Division
Status:	In progress
Priority:	High
Target date:	Subject to further discussion with the Board on the expected scope of the implementation of the recommendation

177. **In paragraph 76, UNDP agreed with the Board's recommendation that it implement measures to fully analyse and review the accounts related to refunds pending to donors and take steps to clear those accounts regularly.**

178. Implementation of the recommendation involves the actions of external parties.

Department responsible:	Treasury Division
Status:	In progress
Priority:	High
Target date:	Subject to further discussion with the Board on the expected scope of the implementation of the recommendation

179. **In paragraph 81, the Board recommended that UNDP implement stricter controls to ensure regular review and follow-up of accounts payable balances included in the "Other accounts payable" account.**

180. Residual major balance sheet clean-up efforts are being conducted.

Department responsible:	Accounts Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

181. **In paragraph 94, UNDP agreed with the Board's recommendation that it (a) implement measures to fully analyse all financially closed projects and raise a liability for refunds that may be due; and (b) review its project closure procedures to ensure it properly accounts for refunds to donors.**

182. Residual major balance sheet clean-up efforts are being conducted.

Department responsible: Accounts Division

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

183. **In paragraph 106, UNDP agreed with the Board's recommendation that it implement processes to reassess its position in relation to the reserve for field accommodation, in line with the Executive Board's decision.**

184. Implementation is linked to the schedule for the adoption of IPSAS.

Department responsible: Administrative Services Division

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

185. **In paragraph 110, UNDP agreed with the Board's reiterated recommendation that it (a) continue to follow up all trust funds in deficit; and (b) recover from the donors expenditure incurred in excess of the funding received (from 2004-2005).**

186. The recommendation is ongoing in nature.

Department responsible: Accounts Division

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

187. **In paragraph 117, UNDP agreed with the Board's recommendation that it continue its efforts to close all inactive trust funds.**

188. The recommendation is ongoing in nature.

Department responsible: Accounts Division

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

189. **In paragraph 166, the Board recommended that UNDP (a) provide fully for after-service health insurance liabilities on the face of the financial statements; and (b) establish the matching funding.**

190. Implementation is linked to the schedule for the adoption of IPSAS.

Department responsible: Accounts Division

Status: In progress

Priority: High

Target date: First quarter of 2012

191. **In paragraph 173, UNDP agreed with the Board's recommendation that it accurately calculate and disclose accrued annual leave and repatriation grant liabilities on the face of the financial statements.**

192. Implementation is linked to the schedule for the adoption of IPSAS.

Department responsible:	Accounts Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2012

193. **In paragraph 191, the Board recommended that UNDP carry out project risk management to mitigate the risks arising from implementation of the International Public Sector Accounting Standards throughout the life of the project.**

194. Implementation is linked to the schedule for the adoption of IPSAS.

Department responsible:	Accounts Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2012

195. **In paragraph 194, the Board recommended that UNDP review all indicators of achievement reflected in the results management database and ensure that they are specific, measurable, attainable, relevant and time-bound.**

196. Implementation involves actions of external parties.

Department responsible:	Operations Support Group
Status:	In progress
Priority:	High
Target date:	Second quarter of 2011

197. **In paragraph 232, UNDP agreed with the Board's reiterated recommendation that it establish benchmarks for procurement lead times, for both exigency and normal situations (from 2004-2005).**

198. This is a residual step of the implementation strategy, based on prioritization.

Department responsible:	Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2011

199. **In paragraph 236, the Board recommended that UNDP ensure, prior to dealing with prospective vendors, that they are not listed on the Security Council list of prohibited suppliers.**

200. This was a residual step of the implementation strategy, based on prioritization.

Department responsible: Procurement Support Office

Status: Implemented

Priority: Medium

Target date: Not applicable

201. **In paragraph 239, UNDP agreed with the Board's recommendation that it put in place individual and consolidated procurement plans, at country offices and at headquarters (from 2004-2005).**

202. This is a residual step of the implementation strategy, based on prioritization.

Department responsible: Procurement Support Office

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

203. **In paragraph 240, UNDP agreed with the Board's recommendation that it develop a software tool to assist units in procurement planning.**

204. This is a residual step of the implementation strategy, based on prioritization.

Department responsible: Procurement Support Office

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

205. **In paragraph 245, the Board recommended that UNDP implement measures to make procurement certification a prerequisite for a "buyer" profile in Atlas.**

206. This was a residual step of the implementation strategy, based on prioritization.

Department responsible: Procurement Support Office

Status: Implemented

Priority: Medium

Target date: Not applicable

207. **In paragraph 264, UNDP agreed with the Board's recommendation that it (a) establish a formal policy for the recording and accounting of direct expenditure modality assets on the Atlas asset module at the country office level and at headquarters; and (b) implement procedures to effectively control direct expenditure modality assets.**

208. Implementation is linked to the schedule for the adoption of IPSAS.

Department responsible: Administrative Services Division

Status: In progress

Priority: High

Target date: First quarter of 2012

209. **In paragraph 272, UNDP agreed with the Board's recommendation that it implement controls in the physical verification procedures, including the identification of unserviceable, redundant or obsolete items.**

210. This was a residual step of the implementation strategy, based on prioritization.

Department responsible:	Administrative Services Division
Status:	Implemented
Priority:	High
Target date:	Not applicable

211. **In paragraph 291, UNDP agreed with the Board's recommendation that it (a) improve all controls over leave administration in both the IMIS and Atlas systems to ensure accurate leave balances; and (b) perform an internal audit of leave management to ensure the accuracy of leave balances (from 2004-2005).**

212. This is a residual step of the implementation strategy, based on prioritization.

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	High
Target date:	Third quarter of 2010

213. **In paragraph 298, UNDP agreed with the Board's recommendation that it implement controls to ensure that performance evaluations relating to special service agreements are performed in a timely manner, as required by the special service agreement policies and procedures.**

214. This was a residual step of the implementation strategy, based on prioritization.

Department responsible:	Procurement Support Office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

215. **In paragraph 301, UNDP agreed with the Board's recommendation that it ensure that all country offices maintain rosters of local consultants, in compliance with special service agreement policies and procedures.**

216. This was a residual step of the implementation strategy, based on prioritization.

Department responsible:	Procurement Support Office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

217. **In paragraph 305, UNDP agreed with the Board's recommendation that it implement controls to ensure that country offices and business units develop business continuity plans, disaster recovery plans and change control policies.**

218. This is a residual step of the implementation strategy, based on prioritization.

Department responsible: Security Office

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

219. **In paragraph 348, the Board recommended that UNDP (a) prioritize the financial closure of all operationally closed projects; and (b) address the causes for delays in the finalization of projects.**

220. The recommendation is ongoing in nature.

Department responsible: Accounts Division

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

221. **In paragraph 392, UNDP agreed with the Board's recommendation that it ensure that the country offices comply with the deadlines prescribed in the call for audit.**

Department responsible: Office of Audit and Investigations

Status: Implemented

Priority: High

Target date: Not applicable

222. **In paragraph 438, the Board recommended that UNDP, in collaboration with the Development Operations Coordination Office, implement controls to ensure that standard memorandums of understanding are completed for all common service agreements at the country level.**

223. The recommendation is ongoing in nature.

Department responsible: Administrative Services Division and United Nations Development Operations Coordination Office

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

V. United Nations Children's Fund

A. Implementation of the recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2009[7]

224. The status of implementation of recommendations as at July 2010 is summarized in tables 9 and 10 and figures VIII and IX.

[7] A/65/5/Add.2, chap. II.

Table 9
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	6	1	—	5	4	1
Division of Human Resources	2	—	—	2	2	—
Division of Policy and Practice	1	—	1	—	—	—
Supply Division	1			1	1	—
Public Sector Alliance and Resources Mobilization Office	3	—	—	3	3	—
Evaluation Office	1	—	—	1	1	—
Private Fundraising and Partnerships Division	1	—	—	1	1	—
Internal Audit Office	1	—	—	1	1	—
One Enterprise Resource Planning Team	1	—	—	1	1	—
Regional and country offices	4	1	1	2	2	—
Total	**21**	**2**	**2**	**17**	**16**	**1**

Figure VIII
UNICEF
Status of implementation of main recommendations

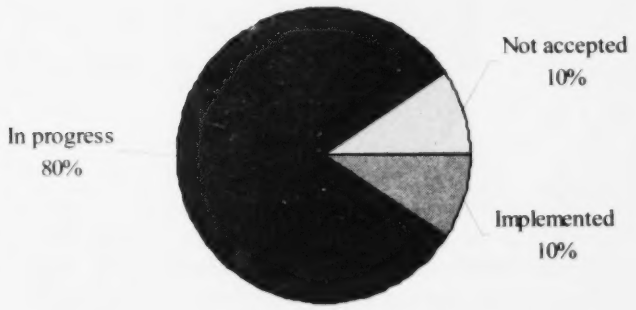
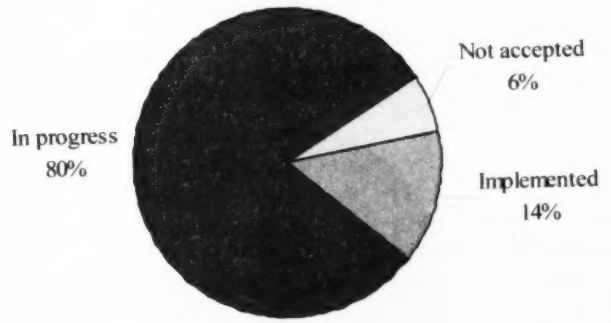


Table 10
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	11	2	—	9	7	2
Division of Human Resources	5	—	—	5	5	—
Division of Policy and Practice	2	—	1	1	1	—

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Supply Division	4	—	—	4	4	—
Public Sector Alliance and Resources Mobilization Office	5	—	—	5	5	—
Evaluation Office	1	—	—	1	1	—
Private Fundraising and Partnerships Division	2	—	—	2	2	—
Office of Internal Audit	1	—	—	1	1	—
One Enterprise Resource Planning Team	1	—	—	1	1	—
Office of Emergency Programmes	1	—	—	1	1	—
Information Technology Solutions and Services Division	2	—	1	1	1	—
Regional and country offices	15	1	5	9	9	—
Total	**50**	**3**	**7**	**40**	**38**	**2**

Figure IX
UNICEF
Status of implementation of all recommendations



225. **In paragraph 22, the United Nations Children's Fund (UNICEF) agreed with the Board's recommendation that it update its IPSAS communication and training plan according to the new timeline for full IPSAS adoption.**

Department responsible: Division of Financial and Administrative Management

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

226. **In paragraph 26, the Board recommended that UNICEF review its current practice of obtaining assurance on programme expenditures and take**

appropriate measures to obtain such assurance to ensure the validity of the programme expenditures.

227. UNICEF considers that this recommendation has been implemented. In accordance with the Harmonized Approach to Cash Transfers, audits should be scheduled at least once during the programme cycle if more than US$ 500,000 in cash transfers is received/disbursed (or is expected to be received/disbursed) collectively from the agencies during the period covered by the country programme action plans, or for implementing partners who receive less than US$ 500,000, if considered necessary by one or more agency. UNICEF obtains audit reports at least once during the programme cycle if the Harmonized Approach to Cash Transfers criteria are met.

Department responsible:	Division of Policy and Practice
Status:	Implemented
Priority:	High
Target date:	Not applicable

228. **In paragraph 36, the Board recommended that UNICEF consider amending its Financial Regulations to ensure that under the accounting treatment in relation to cash transfers, such transfers provided in advance to the implementing partners are recorded as advances and are only recognized as programme expenditure when the appropriate financial utilization reports have been received.**

229. UNICEF does not accept this recommendation. The original recommendation of the United Nations Board of Auditors in 1969 was to treat cash transfers made to partners as expenditure and discussions held with the Board in 1995 and 2002 led to the same conclusion concerning accounting treatment.

Department responsible:	Division of Financial and Administrative Management
Status:	Not accepted
Priority:	High
Target date:	Not applicable

230. **In paragraph 40, the Board recommended that UNICEF review its costing methodology on the provision of procurement services so that indirect costs could be appropriately allocated and charged to the handling fee income.**

231. UNICEF has initiated a review of its methodology so that more transparency is achieved in the use of handling fee income.

Department responsible:	Supply Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

232. **In paragraph 45, the Board reiterated its previous recommendation that UNICEF ensure that all field offices monitor and update the document**

authorization table, the table of authority and the signatory panel in a timely manner to ensure their consistency.

233. UNIICEF has reconciled differences at the country offices where exceptions were noted. UNICEF continues to remind its country offices of their responsibilities.

Department responsible:	Regional and country offices
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

234. **In paragraph 50, the Board recommended that UNICEF (a) strictly comply with the provisions of UNICEF financial circular 34 relating to segregation of duties between the certification and approval functions; and (b) establish approving control over freight invoices of less than $50,000.**

235. UNICEF is analysing compliance with financial circular 34, while still efficiently managing the volume of invoices and the financial risk involved with low-value invoices.

Department responsible:	Supply Division
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2011

236. **In paragraph 54, UNICEF agreed with the Board's recommendation that it intensify its efforts to reconcile its accounts receivable and payable balances with other United Nations agencies.**

237. Rigorous balance reconciliation and recovery activities were initiated in 2009 and are being pursued actively to date.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

238. **In paragraph 58, UNICEF agreed with the Board's recommendation that it disclose the value of all land under its control as well as the basis of the valuation in the notes to the financial statements.**

239. UNICEF agreed to reference "land" in the financial statements, including in the note on accounting policies.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

240. **In paragraph 62, the Board recommended that UNICEF revise its accounting policy and disclose its end-of-service liabilities on the face of the financial statements in conjunction with the adoption of IPSAS.**

241. The policy of UNICEF is to report its end-of-service liabilities in the notes to the financial statements, which is in compliance with the United Nations system accounting standards. UNICEF plans to disclose its end-of-service liabilities on the face of the financial statements in conjunction with the adoption of IPSAS, which will take effect from 1 January 2012.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

242. **In paragraph 71, UNICEF agreed with the Board's recommendation that it take appropriate measures to ensure the accuracy of the data used in the computation of end-of-service liabilities (including after-service health insurance) in future financial periods.**

243. UNICEF agrees that reporting from field offices on census data should in future be better synchronized with the valuation timeline agreed upon with the actuary.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

244. **In paragraph 75, the Board recommended that UNICEF set aside adequate reserves to fund the end-of-service liabilities.**

245. UNICEF has taken the approach of prudently building up its reserves over time and taking into consideration the allocation of resources to programme activities. UNICEF continues to monitor the unfunded portion of after-service health insurance and separation costs in order to maintain a balance in the longer term between building up the reserves and delivering on its programme mandate.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Ongoing

246. **In paragraph 84, the Board recommended that UNICEF consider a revision of its policy for the valuation of leave liability in preparation for the implementation of the International Public Sector Accounting Standards.**

247. UNICEF notes that the valuation used as at 31 December 2009 is in compliance with the United Nations system accounting standards. UNICEF

considers the following interpretation of the relevant requirements under IPSAS 25 related to the commutation of annual leave to be appropriate. Annual leave is only payable when a staff member separates from UNICEF and, in accordance with conventionally applied last in-first out protocols, is derived from unused annual leave days that have gradually accrued over the entire active careers of staff members. As such, this benefit does not meet the requirements of a short-term benefit under paragraph 10 of IPSAS 25, in which, as noted by the external auditors, short-term employee benefits are defined as "benefits (other than termination benefits) which fall due wholly within twelve months after the end of the period in which the employees render the related service". It has, therefore, been treated as a post-employment benefit and has been measured at the present value of the obligation in accordance with the projected unit credit methodology prescribed under IPSAS.

248. However, given that the audit recommendation has been assumed across the United Nations system, UNICEF intends to discuss the matter further with the IPSAS system-wide group with a view to the development of a harmonized approach across the United Nations system.

Department responsible:	Division of Financial and Administrative Management
Status:	Not accepted
Priority:	Medium
Target date:	Not applicable

249. **In paragraph 96, the Board recommended that UNICEF: (a) develop training courses for staff members in respect of results-based budgeting methodology; (b) include in future budget submissions resource estimates as well as activities for each expected result; and (c) establish a monitoring mechanism to facilitate the tracking of budget implementation as well as progress towards the achievement of results.**

250. UNICEF agrees with the recommendations in components (a) and (c). With regard to component (b), UNICEF notes that strengthening results-based budgeting with specific focus on detailing activities and related costs and including them in budget submissions is an item to be worked out as part of the joint review being undertaken together with UNDP and the United Nations Population Fund (UNFPA). As requested by their respective Executive Boards, UNICEF, together with UNDP and UNFPA, is reviewing the prac :es of other bilateral agencies as well as of United Nations agencies to identify "best" practices in the area of results-based budgeting. The findings of this review will be implemented in conjunction with the Executive Board-endorsed road map with a view to achieving an integrated budget presentation for the period starting in 2014.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2014

251. **In paragraph 102, UNICEF agreed with the Board's recommendation that it: (a) provide necessary support to the offices with higher programme budget**

allotment extension rates to improve programme implementation; and (b) put in place measures to monitor the timeliness of submission of requests for programme budget allotment extensions by field offices.

252. As a part of the enterprise resource planning VISION project, the Systems Applications and Products grants reporting schedule has been redesigned to enable fund recipient offices to log their requests for extension in the One ERP system so that the date of submission can be tracked along with the rationale for the request for extension and the date of approval or rejection of the request. This solution allows for the electronic collection of data, the analysis of trends and the identification of gaps in performance, and will lead to recommendations for corrective action.

Department responsible:	Public Sector Alliance and Resource Mobilization Office
Status:	In progress
Priority:	High
Target date:	First quarter of 2012

253. **In paragraph 106, UNICEF agreed with the Board's recommendation that it establish a policy to regulate the process for refunds.**

254. UNICEF is currently working on updating its regulatory framework, which includes a requirement to create a policy on the valuation of refunds to donors and on the provision of refunds. The policy will be formulated in the context of the implementation of IPSAS. It will define: accountability; the basis for refunds; the time frame; the refund clause in donor agreements; UNICEF refund provision; and how the value of refunds will be determined.

Department responsible:	Public Sector Alliance and Resource Mobilization Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

255. **In paragraph 115, UNICEF agreed with the Board's recommendation that it ensure that all country offices plan and implement monitoring/assurance activities in accordance with financial circular No. 15 and the Framework for Cash Transfers to Implementing Partners.**

256. UNICEF will continue to remind all its country offices of the requirements of financial circular No. 15 and the Harmonized Approach to Cash Transfers (HACT) Guidelines on Cash Transfer to Implementing Partners.

Department responsible:	Division of Policy and Practice
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

257. **In paragraph 123, UNICEF agreed with the Board's reiterated recommendation that it intensify its efforts to settle long-outstanding cash transfers.**

258. UNICEF continues to monitor long-outstanding cash transfers rigorously. Owing to the nature of the environment in which UNICEF works, this will continue to be an ongoing effort.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Ongoing

259. **In paragraph 128, the Board reiterated its previous recommendation that UNICEF ensure that its field offices comply with financial circular No. 15 on the issuance of official receipts by the recipients of cash transfers.**

260. UNICEF has implemented this recommendation in many country offices and will continue to work with its country offices to ensure official receipts are received from the recipients of cash assistance.

Department responsible:	Regional and country offices
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

261. **In paragraph 134, UNICEF agreed with the Board's recommendation that it ensure that all the completed evaluation reports are submitted and rated in a timely manner, in accordance with the provisions of the UNICEF evaluation policy (E/ICEF/2008/4).**

262. A new strategy currently being implemented has already produced improved results.

Department responsible:	Evaluation Office
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

263. **In paragraph 138, UNICEF agreed with the Board's recommendation that it ensure that all regional offices request country offices to regularly provide feedback on the support given by regional offices, so as to strengthen their support activities.**

264. Surveys have already been conducted in several regions or are planned to be conducted by the end of 2010. The results of completed surveys are currently under analysis.

Department responsible:	Regional offices
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

265. **In paragraph 142, the Board recommended that UNICEF ensure that all country offices strictly comply with the provisions of the UNICEF Programme Policy and Procedures Manual in relation to the preparation and implementation of annual management plans.**

266. UNICEF has completed annual management plans, which are closely monitored by all offices audited.

Department responsible:	Country offices
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

267. **In paragraph 145, UNICEF agreed with the Board's recommendation that it ensure that all country offices: (a) prepare realistic integrated monitoring and evaluation plans; and (b) make every effort to improve the completion rate of the integrated monitoring and evaluation plans.**

268. UNICEF has completed its integrated monitoring and evaluation plans and has taken the audit recommendation into account in their preparation.

Department responsible:	Country offices
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

269. **In paragraph 149, UNICEF agreed with the Board's recommendations that it ensure that all field offices: (a) establish mechanisms to follow up on the recommendations made during field trips; and (b) comply with procedures included in the field trip checklist.**

Department responsible:	Regional and country offices
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

270. **In paragraph 153, UNICEF agreed with the Board's recommendation that it ensure that all country offices update their emergency preparedness and response plans in a timely manner, in accordance with the UNICEF Programme Policy and Procedures Manual.**

Department responsible:	Office of Emergency Programmes
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

271. **In paragraph 158, UNICEF agreed with the Board's recommendation that it strictly comply with the provisions of the Supply Manual in relation to competitive bidding, and maintain written justifications in related files for exceptions.**

Department responsible: Country offices

Status: Implemented

Priority: High

Target date: Not applicable

272. **In paragraph 163, the Board reiterated its previous recommendation that UNICEF ensure that all offices include in purchase orders a penalty clause for late delivery, in accordance with the provisions of the UNICEF Supply Manual.**

273. UNICEF notes that its Supply Manual does not require offices to include in purchase orders a penalty clause for late delivery. UNICEF notes that the cases mentioned are in compliance with the Supply Manual because liquidated damages are optional.

Department responsible: Regional and country offices

Status: Not accepted

Priority: High

Target date: Not applicable

274. **In paragraph 168, UNICEF agreed with the Board's recommendation that it ensure that all country offices submit vaccine arrival reports to the Supply Division within the time frame specified in the Supply Manual.**

Department responsible: Supply Division

Status: In progress

Priority: Medium

Target date: First quarter of 2011

275. **In paragraph 172, UNICEF agreed with the Board's recommendations that it ensure that all offices update the supplier database in a timely manner and maintain proper records of listed suppliers, in accordance with the requirements of the Supply Manual.**

Department responsible: Country offices

Status: In progress

Priority: Medium

Target date: Third quarter 2010

276. **In paragraph 177, the Board recommended that UNICEF take appropriate measures to improve its management of non-expendable property, including ensuring the completeness and accuracy of the non-expendable property records.**

277. UNICEF is in the process of reviewing and strengthening its manual on non-expendable property management procedures, while awaiting the implementation of One ERP in 2012, including the new asset accounting module which will automate many of the current manual processes. As part of this new system roll-out, non-expendable property policies and procedures will also be reviewed and revised to reflect system changes, as well as the roles and responsibilities of the purchasing divisions in terms of accountability for assets purchased by them.

Department responsible: Division of Financial and Administrative Management

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

278. **In paragraph 181, UNICEF agreed with the Board's recommendation that it ensure that the Regional Office for South Asia and the Eastern and Southern Africa Regional Office take appropriate measures to expedite disposal of their non-expendable properties.**

279. The UNICEF Regional Office for South Asia and Eastern and Southern Africa Regional Office have implemented the recommendation.

Department responsible: Regional offices

Status: Implemented

Priority: Medium

Target date: Not applicable

280. **In paragraph 185, UNICEF agreed with the Board's recommendation that it ensure that the Supply Division adheres strictly to Supply Division procedure 006 to deal with stock materials nearing the end of their shelf life.**

281. UNICEF agrees to adhere to relevant Supply Division procedures in order to deal with stock nearing the end of its shelf life, while ensuring that those procedures support appropriate decision-making.

Department responsible: Supply Division

Status: In progress

Priority: High

Target date: First quarter of 2011

282. **In paragraph 188, UNICEF agreed with the Board's recommendation that it ensure that the Niger and Senegal country offices take measures to avoid the long-term storage and expiration of supply items.**

283. Tools have been created and are being used to improve warehouse/stock management.

Department responsible: Country offices

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

284. **In paragraph 192, the Board recommends that UNICEF ensure that all country offices, in coordination with implementing partners when necessary, improve the conditions for the storage of programme supplies.**

285. Discussions have taken place with implementing partners where exceptions were noted and improvements are being made.

Department responsible: Country offices

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

286. **In paragraph 195, UNICEF agreed with the Board's recommendations that it: (a) review the necessity for posts that had been vacant for long periods; and (b) take appropriate measures to fill the remaining vacancies.**

287. Current vacancies in e-Recruitment are monitored closely. The Division of Human Resources engages in concerted continuous dialogue with regional office and country office human resources representatives.

Department responsible: Division of Human Resources

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

288. **In paragraph 200, UNICEF agreed with the Board's recommendation that it set up a clear timeline for requesting offices/divisions to make recommendations relating to the shortlists so as to expedite the recruitment process.**

289. UNICEF recommends that the selection process be completed within 90 days. Communication from the Division of Human Resources to regional and country offices reiterating clear timelines, roles and accountabilities is planned.

Department responsible: Division of Human Resources

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

290. **In paragraph 205, UNICEF agreed with the Board's recommendation that it: (a) adhere strictly to the provisions of the UNICEF Human Resources Manual in relation to performance evaluation; and (b) establish a mechanism to monitor the overall completion rate of the performance evaluation reports.**

291. e-PAS was launched in February 2010 for internationally recruited Professional staff, and compliance metrics are available in real time.

Department responsible: Division of Human Resources and regional and country offices

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

292. **In paragraph 211, UNICEF agreed with the Board's recommendation that it strictly comply with the requirements of the UNICEF Human Resources Manual relating to the selection of consultants and individual contractors.**

293. UNICEF has initiated a communications and training plan that ensures that country offices are fully aware of the UNICEF human resources policies and are fully able to apply them consistently.

Department responsible:	Division of Human Resources and regional offices
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

294. **In paragraph 216, UNICEF agreed with the Board's recommendation that it ensure that all country offices strictly comply with the requirements of the UNICEF Human Resources Manual in relation to the performance evaluation of consultants and individual contractors.**

295. UNICEF has initiated a communications and training plan that ensures that country offices are fully aware of UNICEF human resources policies and are fully able to apply them consistently.

Department responsible:	Division of Human Resources and country offices
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

296. **In paragraph 220, UNICEF agreed with the Board's recommendation that it close user accounts in a timely manner, in accordance with the requirements of the user provisioning and password policy and the Systems, Applications and Products (SAP) Security administration procedures.**

297. UNICEF has in place report-based procedures to determine users that have not logged on to the system for a year. Those reports are generated on a monthly basis and any accounts that are found to be inactive are closed.

Department responsible:	Information Technology Solutions and Services Division
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

298. **In paragraph 222, UNICEF agreed with the Board's recommendation that it ensure that the Niger and Cambodia country offices establish and enforce specific guidelines or procedures to improve the physical controls at their data centres.**

299. UNICEF is currently revising all applicable information and communications technology security policies. As part of that effort, physical security controls have been incorporated in those policies and supplemented with guidelines. The policies are currently under review by the Information Technology Review Board and will be published for the benefit of field offices in the third quarter of 2010.

Department responsible:	Information Technology Solutions and Services Division
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2010

300. **In paragraph 226, the Board recommended that UNICEF expedite the implementation of the One ERP project, in accordance with its project plan.**

301. The One ERP project is on schedule for roll-out to all UNICEF locations by the end of 2011.

Department responsible:	Enterprise Resource Planning Team
Status:	In progress
Priority:	High
Target date:	First quarter of 2012

302. **In paragraph 233, UNICEF agreed with the Board's recommendation that it accelerate the implementation of the internal audit recommendations stemming from headquarters and regional office audits.**

Department responsible:	Office of Internal Audit
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2012

303. **In paragraph 240, UNICEF agreed with the Board's recommendation that it strengthen advocacy and communication with current and potential donors to increase regular resources and global thematic funds.**

304. UNICEF fund-raising strategy documents for public- and private-sector donors are currently being finalized. The strategy focuses on securing quality, predictable, multi-year and flexible funding with the overall aim of achieving the financial targets set in the Medium-Term Strategic Plan.

Department responsible:	Public Sector Alliances and Resource Mobilization Office
Status:	In progress
Priority:	High
Target date:	Third quarter of 2010

305. **In paragraph 245, the Board reiterated its previous recommendation that the Private Fundraising and Partnerships Division adhere strictly to the provisions of the UNICEF Financial Regulations and Rules in relation to the retention of income by National Committees.**

306. The revised Cooperation Agreement with National Committees, which is currently under negotiation, includes a clause regarding the need for National Committees to strive to meet a minimum annual contribution rate of 75 per cent.

However, it is also recognized that this may not be appropriate or feasible in all cases and therefore flexibility is provided to negotiate a lower rate through the joint strategic planning process. Once the revised agreement has been finalized, the special supplement on the greeting card operation, which refers to the 25 per cent retention rate, will be updated accordingly.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

307. **In paragraph 247, UNICEF agreed with the Board's recommendation that it ensure that the Private Fundraising and Partnerships Division accelerates the negotiations with National Committees and signs the joint strategic plan as early as possible.**

308. Since the audit, an additional nine joint strategic plans have been finalized and signed. Ongoing internal restructuring or management changes have delayed the remaining committees, but it is still anticipated that the plans will be finalized by the end of 2010.

Department responsible:	Private Fundraising and Partnerships Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

309. **In paragraph 252, UNICEF agreed with the Board's reiterated recommendation that it determine the cause of the delays in donor reporting by field offices and institute measures to ensure that reports are submitted in accordance with donor agreements.**

310. As a part of the enterprise resource planning/VISION project, the Systems, Applications and Products (SAP) grants reporting schedule has been redesigned to improve capturing of information on the timely submission of donor reports. The system redesign and the reports will make it possible to improve the monitoring and identification of issues related to timely submission of reports.

Department responsible:	Public Sector Alliances and Resource Mobilization Office
Status:	In progress
Priority:	High
Target date:	First quarter of 2012

311. **In paragraph 255, UNICEF agreed with the Board's recommendation that it ensure that all field offices strictly comply with the Programme Policy and Procedures Manual in the preparation and submission of donor reports.**

312. UNICEF will update its manual on donor report preparation. The checklist is a management tool for ensuring the quality of reporting and does not need to be attached to donor reports.

313. UNICEF will share with the regional offices a good practice model of donor report quality review.

Department responsible:	Public Sector Alliances and Resource Mobilization Office
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2010

314. **In paragraph 258, UNICEF agreed with the Board's recommendation that it ensure that all regional offices conduct monitoring and sample assessments of country office donor reporting performance, in accordance with the Programme Policy and Procedures Manual.**

315. The assessment of country office donor reporting has already been conducted in several regions and it is planned to conduct additional assessments by the end of 2010.

Department responsible:	Regional offices
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

316. **In paragraph 261, UNICEF agreed with the Board's reiterated recommendation that it ensure that all offices prepare a travel plan in compliance with the requirements of the UNICEF Administration Manual.**

317. Travel plans have been prepared in the offices where exceptions were noted. UNICEF continues to remind its offices of their accountability with regard to travel.

Department responsible:	Country offices
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

318. **In paragraph 267, the Board reiterated its previous recommendation that UNICEF ensure that travel requests are submitted at least two weeks prior to the anticipated departure dates at all offices, as required by the Human Resources Manual.**

319. Travel costs are closely managed and operations officers, division heads and travellers have been reminded of the need for the timely submission of travel requests. WebEx training has been conducted and will continue to be conducted.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

B. Implementation of the recommendations of the Board of Auditors for prior financial periods

320. In annex II to its report for the financial period ended 31 December 2009 (A/65/5/Add.2, chap. II), the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on: (i) the 12 recommendations listed as outstanding from prior periods; and (ii) the overall status of prior recommendations. The information is set out in the order in which the recommendations are presented in annex II.

321. The overall situation is summarized in table 11 and figure X.

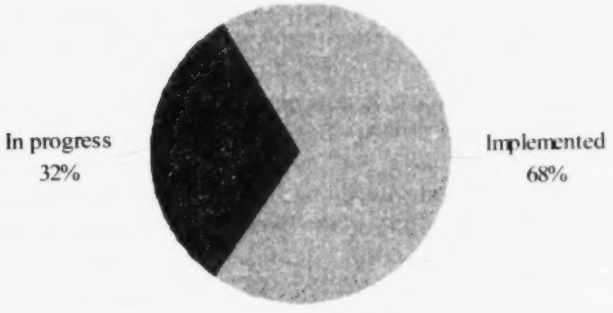
Table 11

Status of implementation of recommendations from prior periods considered not fully implemented in annex II to the report of the Board of Auditors for the financial period ended 31 December 2009

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	3	—	—	3	2	1
Public Sector Alliances and Resource Mobilization	2	—	—	—	—	—
Private Sector Fundraising and Partnerships	3	—	—	3	2	1
Supply Division	—	—	—	—	—	—
Tokyo Office	—	—	—	—	—	—
Division of Human Resources	—	—	—	—	—	—
Division of Policy and Planning	—	—	—	—	—	—
Country Offices	2	—	1	1	—	1
Regional and Country Offices	4	—	1	3	1	2
Total Outstanding recommendations	**12**	**—**	**2**	**10**	**5**	**5**
Implemented/overtaken by events[a]	26	—	26	—	—	—
Overall status of prior recommendations	**38**	**—**	**28**	**10**	**5**	**5**

[a] As reported by the Board (see A/65/5/Add.2, chap. II, annex II).

Figure X
UNICEF
Overall status of prior-period recommendations



Report of the Board for the financial period ended 31 December 2007[8]

322. **In paragraph 42, the Board recommended that UNICEF determine the cause of the delays in donor reporting by field offices and institute measures to ensure that reports are submitted in accordance with donor agreements.**

323. UNICEF has put in place mechanisms to improve the donor reporting process. It plans to introduce further monitoring tools, which would improve donor reporting.

Department responsible:	Regional and country offices
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2012

324. **In paragraph 52, the Board recommended that UNICEF ensure that its country offices comply with finance circular No. 15 (Rev.3) on the issuance of official receipts by recipients of cash assistance.**

325. UNICEF has implemented this recommendation in many country offices and will continue to work with its country offices to ensure official receipts are received from recipients of cash assistance.

Department responsible:	Country offices
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

326. **In paragraph 61, UNICEF agreed with the Board's recommendation that its field offices: (a) monitor closely cash assistance provided to Governments to**

[8] A/63/5/Add.2.

ascertain that it is utilized in accordance with the objectives of the approved projects; (b) clear all long-outstanding cash assistance/transfers to Governments; and (c) make further cash transfers to implementing partners only upon the submission of cash utilization reports.

327. UNICEF has continued to follow up with country offices by means of the various monitoring tools currently available. Long-outstanding balances were due to different situations of implementing partners, such as staff turnover and delayed implementation of projects.

Department responsible:	Regional and country offices
Status:	In progress
Priority:	High
Target date:	Ongoing

328. **In paragraph 69, UNICEF agreed with the Board's recommendation that country offices: (a) monitor regularly the changes made in the document authorization tables; (b) update periodically the tables of authority; and (c) establish procedures to ensure that the assignment of financial authorities in the Programme Manager System is consistent with that contained in the table of authority.**

329. UNICEF has reconciled differences at the country offices where exceptions were noted. UNICEF continues to remind its country offices of their responsibilities.

Department responsible:	Country offices
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

330. **In paragraph 114, the Board recommended that UNICEF determine the mechanisms to fully fund its end-of-service liabilities.**

331. UNICEF has taken the approach of prudently building up its reserves over time, taking into consideration the allocation of resources to programme activities. UNICEF continues to monitor the unfunded portion of after-service health insurance and separation costs in order to maintain a balance in the longer term between building up the reserves and delivering on its programme mandate.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Ongoing

332. **In paragraph 117, the Board recommended that UNICEF disclose the details of the investment portfolio, including the market value of the investments under both the short-term and long-term classifications.**

333. UNICEF will improve the disclosure in conjunction with the adoption of IPSAS in January 2012.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2012

334. **In paragraph 146, UNICEF agreed with the Board's recommendation that it take measures to improve the reliability of the inventory records in the field offices.**

335. UNICEF is in the process of reviewing and strengthening its manual on non-expendable property management procedures, while awaiting the implementation of One ERP in 2012, including the new asset accounting module which will automate many of the current manual processes. As part of this new system roll-out, non-expendable property policies and procedures would also be reviewed and revised to reflect system changes, as well as the roles and responsibilities of the purchasing divisions in terms of accountability for assets purchased by them.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter 2011

336. **In paragraph 157, the Board recommended that UNICEF comply with the requirements of the Human Resources Manual and the related administrative instructions in respect of selection procedures in the hiring of consultants, the signing of special service agreements before the commencement of work, medical examinations and performance evaluation.**

337. UNICEF has initiated a communications and training plan that ensures that country offices are fully aware of UNICEF human resources policies and are fully able to apply them consistently.

Department responsible:	Regional and country offices
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

338. **In paragraph 189, the Board recommended that UNICEF ensure that the Private Sector Division enforce financial rule 9.04 relating to the retention of income by National Committees.**

339. The revised Cooperation Agreement with National Committees, which is currently under negotiation, incorporates revised wording regarding the contribution

rate and also specifies additional actions required in those cases where the 25 per cent retention rate is not being met.

Department responsible:	Private Sector Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

340. **In paragraph 190, the Board also recommended that UNICEF evaluate the applicability of the 25 per cent retention rate to all National Committees.**

341. The revised Cooperation Agreement, which is currently under negotiation, includes a clause regarding the need for National Committees to strive to meet a minimum annual contribution rate of 75 per cent. However, it is also recognized that this may not be appropriate/feasible in all cases and, therefore, there is flexibility to negotiate a lower rate via the Joint Strategic Planning process. Once the revised agreement has been finalized, the Special Supplement on the Greeting Card Operation, which refers to the 25 per cent retention rate, will be updated accordingly.

Department responsible:	Private Sector Fundraising and Partnerships
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2010

342. **In paragraph 196 of its report for the biennium 2006-2007, the Board recommended to UNICEF that it ensure that the Private Sector Division, in consultation with the National Committees, revises the reporting calendar for the submission of the final revenue and expenditure reports to coincide with the deadline for financial reporting.**

343. UNICEF explained that revising the reporting calendar of National Committees was part of the longer-term strategy discussion of future business models for the card and gift operations.

Department responsible:	Private Sector Fundraising and Partnerships
Status:	In progress
Priority:	Medium
Target date:	Ongoing

344. **In paragraph 200, UNICEF agreed with the Board's recommendation that it: (a) comply with policies and procedures on the submission of travel reports; and (b) ensure that travel advances are cleared within the 15-day period after the completion of travel.**

345. UNICEF had implemented monitoring tools in many country offices to improve the submission of travel claims. This included a revised travel policy implemented in 2009, which clarified the responsibilities of staff with regard to travel claims.

Department responsible: Regional and country offices

Status: Implemented

Priority: Medium

Target date: Not applicable

VI. United Nations Relief and Works Agency for Palestine Refugees in the Near East

A. Implementation of the recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2009[9]

346. The status of implementation of recommendations as at July 2010 is summarized in table 12 and figure XI. As indicated in table 12, the implementation of 32 recommendations is in progress; of these 7 are targeted for implementation before the end of 2010, and 25 by the end of 2011. Table 13 shows the status of all recommendations.

Table 12
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Executive Office	1	—	—	1	1	—
Department of Administration	7	—	—	7	7	—
Department of Finance	12	—	1	11	11	—
Department of Human Resources	2	—	—	2	2	—
Programme Coordination and Support Unit	4	—	—	4	4	—
Department of Internal Oversight Services	3	—	—	3	2	1
Field Office Jordan	2	—	—	2	2	—
Field Office Gaza	3	—	1	2	3	—
Total	**34**	**0**	**2**	**32**	**31**	**1**

[9] A/65/5/Add.3, chap. II.

Figure XI
UNRWA
Overall implementation of main recommendations

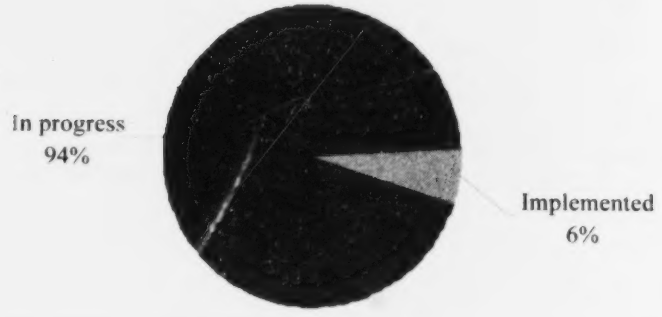
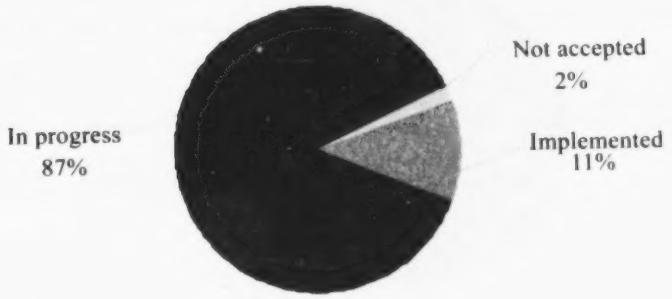


Table 13
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Executive Office	1	—	—	1	1	—
Department of Administration	12	—	1	11	11	—
Department of Finance	19	1	1	17	17	—
Department of Human Resources	6	—	2	4	4	—
Programme Coordination and Support Unit	4	—	—	4	4	—
Department of Internal Oversight Services	9	—	—	9	8	1
Field Office Jordan	2	—	—	2	2	—
Field Office Gaza	6	—	2	4	4	—
Field Office Syrian Arab Republic	2	—	1	1	1	—
Total	**61**	**1**	**7**	**53**	**52**	**1**

Figure XII
UNRWA
Overall implementation of all recommendations



Status of main recommendations

347. **In paragraph 31, UNRWA agreed with the Board's reiterated recommendation that it: (a) update its International Public Sector Accounting Standards (IPSAS) implementation plan and ensure that it is approved; and (b) include all role players and a mechanism for reporting to them in its IPSAS implementation plan.**

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

348. **In paragraph 32, UNRWA agreed with the Board's recommendation that it address the gaps identified in its International Public Sector Accounting Standards implementation plan.**

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

349. **In paragraph 36, UNRWA agreed with the Board's recommendation that it: (a) allocate areas of responsibility with regard to the preparation and review of financial statements; and (b) maintain evidence that supports its monitoring of compliance with year-end closure instructions.**

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

350. **In paragraph 40, UNRWA agreed with the Board's recommendation that it strengthen its controls regarding the preparation and review of its financial statements.**

Department responsible: Department of Finance

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

351. **In paragraph 43, UNRWA agreed with the Board's recommendation that it continue its process to ensure that it accounts for all its land and buildings in its financial statements.**

352. The valuation of land and buildings project has been completed and the data are in the process of being uploaded into the current fixed-assets system.

Department responsible: Department of Finance

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

353. **In paragraph 47, UNRWA agreed with the Board's recommendation that it correct the classification of $20.1 million from contributions receivable under regular funds — earmarked to regular funds unearmarked.**

Department responsible: Department of Finance

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

354. **In paragraph 51, UNRWA agreed with the Board's recommendation that it: (a) implement adequate processes to record and capture outstanding pledges; (b) conduct regular review of outstanding pledges in order for the Agency to keep track of long-outstanding pledges; and (c) implement processes to review the listings of pledges compiled outside the financial management system.**

Department responsible: Department of Finance

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

355. **In paragraph 54, UNRWA agreed with the Board's recommendation that it revise its disclosure notes to its financial statements to include information on account balances affected by the change in accounting policy.**

Department responsible: Department of Finance

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

356. **In paragraph 59, UNRWA agreed with the Board's recommendation that it implement adequate cut-off procedures to ensure all transactions relating to the reporting period are accounted for.**

Department responsible: Department of Finance

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

357. **In paragraph 60, UNRWA agreed with the Board's further recommendation that, together with the UNRWA Area Staff Provident Fund, it ensure that the amounts per the line items included in the reconciliation of the UNRWA accounts payable and UNRWA Provident Fund accounts receivable are agreed and address any differences noted in amounts disclosed in the financial statements.**

Department responsible: Department of Finance

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

358. **In paragraph 63, UNRWA agreed with the Board's recommendation that it revise note 14.3 to correctly reflect transactions that have occurred.**

Department responsible: Department of Finance

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

359. **In paragraph 65, UNRWA agreed with the Board's recommendation that it: (a) enhance its controls over the review of the accounts payable listings and the ageing analysis; and (b) implement procedures to prepare and review the creditors' reconciliations on a regular basis.**

360. A new system generated per field monthly ageing report is now available. Action is being taken to manage old pending accounts payable.

Department responsible: Department of Finance

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

361. **In paragraph 71, UNRWA agreed with the Board's recommendation that it implement procedures to perform a regular detailed review of unliquidated commitments.**

Department responsible: Department of Finance

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

362. **In paragraph 78, UNRWA agreed with the Board's recommendation that it: (a) implement procedures to ensure that amounts disclosed in the financial statements are fully supported by relevant schedules and that old obligations are treated in accordance with the United Nations system accounting standards; and (b) strengthen its validation process for unliquidated obligations.**

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

363. **In paragraph 79, UNRWA agreed with the Board's further recommendation that it consider adequate procedures to enable it to have assurance regarding the accuracy of balances included in its financial statements.**

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

364. **In paragraph 81, UNRWA agreed with the Board's recommendation that it enhance controls over the review of construction completion reports and subsequent sign-off for certification purposes.**

Department responsible:	Department of Finance
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

365. **In paragraph 85, UNRWA agreed with the Board's recommendation that it: (a) formulate an accounting policy for treatment of construction work in progress in the financial statements; and (b) consider adequate disclosure of the sources of financing for the construction additions as required by the United Nations systems accounting standards.**

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

366. **In paragraph 92, the Board recommends to UNRWA that it disclose the liabilities for repatriation grant and leave pay encashment in its financial statements.**

Department responsible: Department of Finance

Status: Not accepted

Priority: Medium

Target date: Not applicable

367. **In paragraph 95, UNRWA agreed with the Board's recommendation that it ensure that senior officers review all monthly bank reconciliations for headquarters (Gaza).**

Department responsible: Department of Finance

Status: Implemented

Priority: High

Target date: Not applicable

368. **In paragraph 101, UNRWA agreed with the Board's recommendation that it adopt a policy covering the management of all projects that, inter alia, set out the responsibilities of all role players, as well as the competencies and training they require.**

369. Draft Project Management Handbook has been completed and is due to be reviewed by stakeholders including UNRWA Management Committee in July and August this year.

Department responsible: Programme Coordination and Support Unit

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

370. **In paragraph 102, UNRWA agreed with the Board's recommendation that it establish a system to record and apply lessons learned in project implementation.**

Department responsible: Programme Coordination and Support Unit

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

371. **In paragraph 103, UNRWA agreed with the Board's reiterated recommendation that it update the project procedures manual, with input from the field offices, and benchmark it against best practice and international standards.**

Department responsible: Programme Coordination and Support Unit

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

372. **In paragraph 104, UNRWA agreed with the Board's recommendation that it liaise with field offices to implement the project management support required by them.**

Department responsible: Programme Coordination and Support Unit

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

373. **In paragraph 111, UNRWA agreed with the Board's recommendation that it implement suitable control mechanisms to review purchase orders on a regular basis and follow up long-outstanding purchase orders.**

Department responsible: Gaza field office

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

374. **In paragraph 114, UNRWA agreed with the Board's recommendation that the Jordan field office consider measures to enable it to comply with the requirement of UNRWA policies and procedures regarding the raising of purchase orders before the goods are delivered.**

Department responsible: Jordan field office

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

375. **In paragraph 119, UNRWA agreed with the Board's recommendation that the UNRWA Gaza field office consider measures to enable it to comply with the requirements of the Procurement Manual and Financial Technical Instrument number 16 guidelines with regard to the authorization and payment in advance for goods and services.**

Department responsible: Gaza field office

Status: Implemented

Priority: Medium

Target date: Not applicable

376. **In paragraph 126, UNRWA agreed with the Board's recommendation that it consider ways to enable it to comply with UNRWA policies and procedures with regard to making payment for goods only after the receipt of the necessary supporting documentation (i.e., suppliers invoice and goods received note).**

Department responsible: Gaza field office

Status: Implemented

Priority: High

Target date: Not applicable

377. **In paragraph 134, UNRWA agreed with the Board's recommendation that it maintain a consolidated asset register to ensure accountability for its property.**

Department responsible: Administration Services Department

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

378. **In paragraph 141, UNRWA agreed with the Board's recommendation that it comply with implemented procedures to perform physical verification of the existence of assets and the condition of the assets and investigate and adjust for variances.**

Department responsible: Gaza field office

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

379. **In paragraph 142, UNRWA agreed with the Board's recommendation that it: (a) review the asset register to ensure that assets exist and are correctly valued; (b) reconcile the asset register with the result of physical counts; and (c) correct the misstatement in the fixed assets register for the asset item overstated by $176,220.**

Department responsible: Gaza field office

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

380. **In paragraph 146, the UNRWA Gaza field office agreed with the Board's recommendation that it comply with the UNRWA material supply procedures with regard to the movement of assets between locations.**

Department responsible: Gaza field office

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

381. **In paragraph 155, UNRWA agreed with the Board's recommendation that it comply with requirements of the procurement and inventory management system user manual with regard to raising store demand notes when issuing inventory from warehouses.**

Department responsible: Department of Administrative Services

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

382. **In paragraph 161, UNRWA agreed with the Board's recommendation that it: (a) improve its periodic inventory count procedures to address the**

discrepancies between the procurement and inventory management system and actual quantities on the warehouse floor; (b) implement procedures to ensure that all items received into the warehouse are recorded in the procurement and inventory management system in a timely manner; and (c) comply with the Manual on Supply Procedures in the recording and storage of inventory.

Department responsible: Jordan field office

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

383. **In paragraph 169, UNRWA agreed with the Board's recommendation that it: (a) fully implement the human resource plan; and (b) implement procedures to monitor/address the vacancy rate.**

Department responsible: Department of Human Resources

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

384. **In paragraph 170, UNRWA agreed with the Board's reiterated recommendation that it develop human resource plans for its field offices taking into account the human resource management strategy.**

Department responsible: Department of Human Resources

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

385. **In paragraph 174, UNRWA agreed with the Board's recommendation that it ensure that vacant positions are filled in a timely manner.**

Department responsible: Department of Human Resources

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

386. **In paragraph 179, UNRWA agreed with the Board's reiterated recommendation that it compile personal development plans for the rest of its staff as part of the performance appraisal process.**

Department responsible: Department of Human Resources

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

387. **In paragraph 181, UNRWA agreed with the Board's recommendation that the UNRWA Syrian Arab Republic field office comply with UNRWA personnel**

guidelines with regard to issuing letters of appointment at the time when the appointments are made.

Department responsible:	Syrian Arab Republic field office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

388. **In paragraph 185, UNRWA agreed with the Board's recommendation that UNRWA headquarters Gaza take steps to ensure that all overtime worked is authorized by the delegated official in accordance with personnel directive A1 prior to the actual working of overtime by employees.**

389. UNRWA has addressed all overtime cases. An improved personnel directive and staff circular have been issued. Overtime cases at headquarters Gaza are monitored for full compliance with established procedures.

Department responsible:	Department of Human Resources
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

390. **In paragraph 189, UNRWA agreed with the Board's recommendation that it take steps to ensure that all procedures relating to lump-sum advances for travel are complied with.**

391. All outstanding lump-sum cases have been followed up and claims fully settled.

Department responsible:	Department of Human Resources
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

392. **In paragraph 198, UNRWA agreed with the Board's recommendation that it further develop the Agency-wide risk assessment exercise and formulate cost-effective responses to risks identified.**

Department responsible:	Executive Office
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

393. **In paragraph 200, the UNRWA Syrian Arab Republic field office agreed with the Board's recommendation that it: (a) adhere to due process as stipulated in UNRWA's inter-office memorandum with regard to the convening of the Board of Inquiry and Investigations; and (b) formulate, approve and implement a policy/directive to address the roles and functions of a Board of Inquiry and Investigations.**

394. The UNRWA Syrian Arab Republic field office agrees with the recommendation and is operating within the parameters of the inter-office memorandum. There are, however, improvements to be made that will be rectified through the assistance of the newly recruited senior investigator in the latter half of 2010, who has agreed to come to the field to conduct training with staff to better their understanding of process and procedure.

Department responsible:	Syrian Arab Republic field office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

395. **In paragraph 206, UNRWA agreed with the Board's recommendation that it monitor compliance with its security plan on a regular basis.**

Department responsible:	Division of Administrative Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

396. **In paragraph 207, UNRWA agreed with the Board's recommendation that the head of the Agency, the Commissioner-General, formally delegate the responsibility for information security at UNRWA in writing to an appropriate individual.**

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

397. **In paragraph 210, UNRWA agreed with the Board's recommendation that it: (a) implement procedures to restrict the programmers' access to the production environment; (b) perform regular reviews of all program changes made in the production environment to ensure that the changes relate to valid and approved change requests; and (c) regularly review the activities of the database administrators.**

398. Owing to technical limitations of the RAMCO system, manual measures were implemented to control programmers' access to the production environment. Reviews of program changes and database activities will be implemented once new staff (currently under recruitment) is on board.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

399. **In paragraph 214, UNRWA agreed with the Board's reiterated recommendation that it: (a) develop a comprehensive disaster recovery and**

business continuity plan and communicate the plan to all personnel; and (b) test, review and update its disaster recovery plan on a regular basis.

400. A disaster recovery plan was drafted in 2009 and updated in March 2010. Technical elements required for the implementation of the disaster recovery plan were completed. The initial testing of the plan was conducted at headquarters to validate and update the plan before it is communicated Agency-wide. Accordingly, service-level agreements for critical enterprise systems and services will be reviewed and established with the Department of Peacekeeping Operations.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

401. **In paragraph 215, UNRWA agreed with the Board's further recommendation that it establish a specific arrangement for recovery of critical operational systems with a service-level agreement with the United Nations Logistics Base/Department of Field Support.**

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

402. **In paragraph 221, UNRWA agreed with the Board's recommendation that it: (a) implement procedures to monitor the validity of user accounts on a regular basis; (b) implement procedures to log and review irregular system activity; (c) implement procedures to monitor the activities of persons with powerful privileges (administrator privileges) by an independent person on a regular basis; and (d) ensure that access request forms are completed and signed by the respective supervisor and information systems department official before a user is granted access to the system, and maintain a record of those forms.**

403. Procedures were implemented to carry out periodic reviews of inactive operation system/application system accounts and to update access request records. Review of irregular system activity and activities of persons with privileges to systems will be implemented once additional staff is on board.

Department responsible:	Department of Administrative Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

404. **In paragraph 225, UNRWA agreed with the Board's recommendation that it improve the environmental and physical access controls by addressing the weaknesses identified.**

Department responsible: Department of Administrative Services

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

405. **In paragraph 231, UNRWA agreed with the Board's recommendation that it: (a) establish an off-site storage facility for back-ups in accordance with UNRWA's back-up policy and procedures; and (b) establish a formal arrangement with regard to the off-site backup facility as prescribed by the back-up policy.**

406. Back-up policy and operations were updated and communicated to all locations.

Department responsible: Director of Administrative Services

Status: Implemented

Priority: Medium

Target date: Not applicable

407. **In paragraph 236, UNRWA agreed with the Board's recommendation that it review the system parameters and address the weaknesses identified by the security check report on the Windows domain controller.**

Department responsible: Director of Administrative Services

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

408. **In paragraph 240, UNRWA agreed with the Board's recommendation that it ensure that the critical functions for system administration, programming and maintenance are not performed by the same person or alternatively, implement an independent monitoring function as a compensating control.**

Department responsible: Director of Administrative Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

409. **In paragraph 250, UNRWA agreed with the Board's recommendation that it comply with Organizational Directive No. 24 — Charter of the Advisory Committee on Internal Oversight with regard to the review of financial statements.**

Department responsible: Department of Internal Oversight Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

410. **In paragraph 253, UNRWA agreed with the Board's recommendation that it address the vacant positions in the Department of Internal Oversight Services.**

Department responsible:	Department of Internal Oversight Services
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

411. **In paragraph 257, the UNRWA Department of Internal Oversight Services agreed with the Board's recommendation that it plan its activities to address in a timely manner the recommendations of the Advisory Committee on Internal Oversight in relation to its work.**

Department responsible:	Department of Internal Oversight Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

412. **In paragraph 261, UNRWA, in conjunction with the Department for Internal Oversight Services, agreed with the Board's recommendation that it: (a) institute steps to ensure that cancellation of an audit assignment on the approved audit workplan is properly motivated, reviewed and subsequently approved as required by Organizational Directive No. 24 — Charter of the Advisory Committee on Internal Oversight; and (b) ensure that the Department fully execute its annual workplan.**

Department responsible:	Department of Internal Oversight Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

413. **In paragraph 266, the UNRWA Department of Internal Oversight Services agreed with the Board's recommendation that it consider the International Public Sector Accounting Standards implementation project and the area staff termination liability for inclusion in its annual audit plans.**

Department responsible:	Department of Internal Oversight Services
Status:	In progress
Priority:	High
Target date:	To be determined

414. **In paragraph 271, the UNRWA Department of Internal Oversight Services agreed with the Board's recommendation that it reconsider the UNRWA Area Staff Provident Fund in its risk-based annual audit workplans.**

Department responsible:	Department of Internal Oversight Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

415. **In paragraph 273, the UNRWA Department of Internal Oversight Services agreed with the Board's recommendation that it consider the identified areas of improvement in its execution of work.**

Department responsible:	Department of Internal Oversight Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

416. **In paragraph 287, the Board considered that the findings of the Department of Internal Oversight Services highlighted above reflect deficiencies in the areas concerned and the Board underscored the need for UNRWA to address these deficiencies.**

Department responsible:	Department of Internal Oversight Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

417. **In paragraph 295, UNRWA agreed with the Board's recommendation that it implement controls that address the weaknesses in controls regarding the management and reporting of cases of fraud and presumptive fraud.**

Department responsible:	Department of Internal Oversight Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2011

B. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

418. In annex I to its report for the financial period ended 31 December 2009 (A/65/5/Add.3, chap. II), the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on: (a) the 18 recommendations listed as outstanding from prior periods; and (b) the overall status of prior recommendations. The information is set out in the order in which the recommendations are presented in annex I.

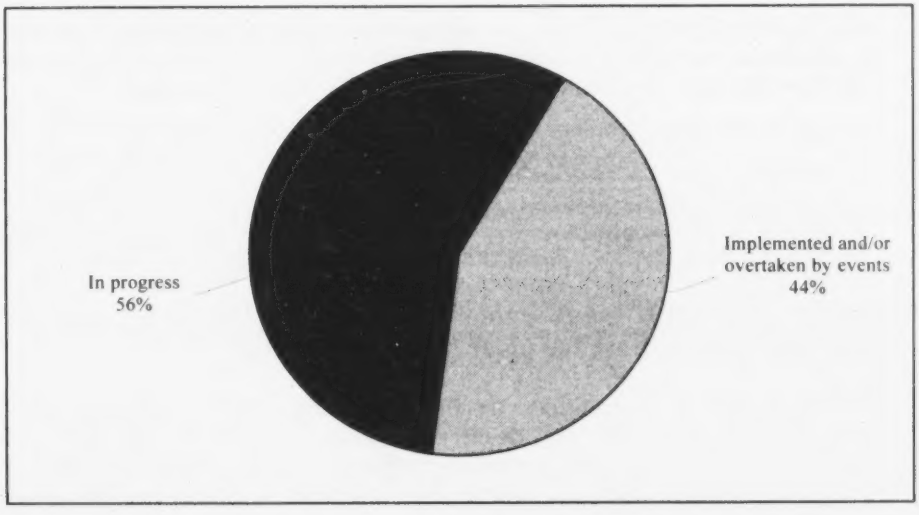
419. The overall situation is summarized in table 14 and figure XIII below.

Table 14
Status of implementation of recommendations from prior periods considered not fully implemented in annex I to the report of the Board of Auditors for the financial period ended 31 December 2009

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Department of Finance	3	—	—	3	3	—
Department of Administrative Services	4	—	—	4	4	—
Department of Human Resources	6	—	1	5	4	1
Department of Internal Oversight Services	1	—	—	1	1	—
Programme Coordination and Support Unit	4	—	—	4	4	—
Outstanding recommendations	**18**	**—**	**1**	**17**	**16**	**1**
Implemented/overtaken by events[a]	**13**	**—**	**13**	**—**	**—**	**—**
Overall status of prior recommendations	**31**	**—**	**14**	**17**	**—**	**—**

[a] As reported by the Board in A/65/5/Add.3, chap. II, annex I.

Figure XIII
UNRWA
Overall status of prior-period recommendations



Report of the Board for the financial period ended 2006-2007[10]

420. **In paragraph 27 of its audit report for the biennium ended 2007, the Board recommended that UNRWA consult with donors with a view to reprogramming resources reflected in balances for unliquidated obligations.**

[10] A/63/5/Add.3, chap. II.

421. Full implementation of the recommendation is dependent on factors that are beyond the control of the Agency.

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2011

422. **In paragraph 37 of that report, UNRWA agreed with the Board's recommendation that it account for all its land and buildings in its financial statements.**

423. That recommendation was repeated in the 2008-2009 report.

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

424. **In paragraph 51 of the 2006-2007 audit report, UNRWA agreed with the Board's recommendation that it: (a) update its IPSAS implementation plan and ensure that it is approved; and (b) include all role players and a mechanism for reporting to them in its IPSAS implementation plan.**

425. The approval for the revised plan is pending and expected to be completed by 2010.

Department responsible:	Department of Finance
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

426. **In paragraph 74 of the 2006-2007 audit report, UNRWA agreed with the Board's recommendation that it: (a) maintain an asset register that includes all non-expendable property, including land and buildings, that reflects the cost, description, asset number and date of acquisition, to ensure accountability for this property; and (b) implement procedures to periodically physically verify the existence of assets and the condition of the assets and investigate and adjust for variances.**

427. This recommendation was repeated in the 2008-2009 report.

Department responsible:	Department of Administrative Support
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2010

428. **In paragraph 85 of the 2006-2007 audit report, UNRWA agreed with the Board's reiterated recommendation that it develop human resources plans for its field offices.**

429. Human resources planning is being addressed with fields, the Information System Division and the Programme Coordination and Support Unit. These are long-term projects and implementation will take through 2011.

Department responsible: Department of Human Resources

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

430. **In paragraph 88 of the 2006-2007 audit report, UNRWA agreed with the Board's reiterated recommendation that it formalize the process of succession planning.**

Department responsible: Department of Human Resources

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

431. **In paragraph 92 of the 2006-2007 audit report, UNRWA agreed with the Board's reiterated recommendation that it compile personal development plans for staff as part of the performance appraisal process.**

432. A new performance management system has been approved and is under implementation. This recommendation was repeated in the 2008-2009 report.

Department responsible: Department of Human Resources

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

433. **In paragraph 93 of the 2006-2007 audit report, UNRWA agreed with the Board's recommendation that supervisors provide documented feedback during performance appraisal reviews of staff members.**

434. A new performance management system has been approved and is under implementation.

Department responsible: Department of Human Resources

Status: In progress

Priority: Medium

Target date: To be determined

435. **In paragraph 98 of the 2006-2007 audit report, UNRWA agreed with the Board's recommendation that it formally establish gender distribution milestones and monitor all new appointments against such milestones.**

436. The Agency issued a gender mainstreaming strategy in 2008 and an accompanying gender policy and implementation strategy.

Department responsible: Department of Human Resources

Status: Implemented

Priority: High

Target date: Not applicable

437. **In paragraph 101 of the 2006-2007 audit report, UNRWA agreed with the Board's reiterated recommendation that it include in its human resources plan a strategy to manage the timely filling of long-vacant posts.**

438. Vacancy rates are being monitored. However, as was pointed out repeatedly to the Auditors, because of austerity measures, a number of posts are not being filled or recruitment is delayed in order to address funding shortfalls.

Department responsible: Department of Human Resources

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

439. **In paragraph 107 of the 2006-2007 audit report, UNRWA agreed with the Board's reiterated recommendation that it: (a) develop a comprehensive disaster recovery and business continuity plan and communicate it to all personnel; and (b) test, review and update its disaster recovery plan on a regular basis.**

Department responsible: Department of Administrative Support

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

440. **In paragraph 112 of the 2006-2007 audit report, UNRWA agreed with the Board's recommendation that it address the weaknesses identified in the back-up procedures relating to information technology across the Agency.**

Department responsible: Department of Administration Services

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

441. **In paragraph 125 of the 2006-2007 audit report, UNRWA agreed with the Board's reiterated recommendation that it: (a) develop a change control policy for emergency changes; and (b) enforce standardized procedures relating to requests for changes to the application systems.**

Department responsible: Department of Administrative Support

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

442. **In paragraph 137 of the 2006-2007 audit report, the Board recommended to UNRWA that, in conjunction with the Department of Internal Oversight Services, it: (a) consider desktop reviews or other alternative procedures for assignments where the security situation prevents a field visit from being undertaken; and (b) include the Area Staff Provident Fund in its audit workplan.**

Department responsible: Department of Internal Oversight Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

443. **In paragraph 158 of the 2006-2007 audit report, UNRWA agreed with the Board's recommendation that it adopt a policy covering the management of all projects that, inter alia, set out the responsibilities of all role players, as well as the competencies and training required.**

444. This recommendation was repeated in the 2006-2007 report.

Department responsible: Programme Coordination and Support Unit

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

445. **In paragraph 162 of the 2006-2007 audit report, UNRWA agreed with the Board's recommendation that it establish a system to record and apply lessons learned in project implementation.**

Department responsible: Programme Coordination and Support Unit

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

446. **In paragraph 165 of the 2006-2007 audit report, UNRWA agreed with the Board's reiterated recommendation that it update the project procedures manual, with input from the field offices, and benchmark it against best practice and international standards.**

447. This recommendation was repeated in the 2006-2007 report.

Department responsible: Programme Coordination and Support Unit

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

448. **In paragraph 169 of the 2006-2007 audit report, UNRWA agreed with the Board's recommendation that it liaise with field offices to implement the project management support required by them.**

449. This recommendation was repeated in the 2006-2007 report.

Department responsible: Programme Coordination and Support Unit

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

VII. United Nations Institute for Training and Research

A. Implementation of the recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2009[11]

450. Tables 15 and 16 below summarize the status of implementation of recommendations as at July 2010. All four recommendations are in progress, with two targeted for implementation by the end of the year, whereas three are to be implemented by the end of 2011.

Table 15
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Department of Support Services	2	—	—	2	2	—
Department of Research	1	—	—	1	1	—
Total	**3**	—	—	**3**	**3**	—

[11] A/65/5/Add.4, chap. II.

Table 16
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Department of Support Services	3	—	—	3	3	—
Department of Research	1	—	—	1	1	—
Department of Management-United Nations	1	—	—	1	1	—
Total	**5**	—	—	**5**	**5**	—

451. **In paragraph 32, the Board recommended that UNITAR consider a revision of its policy for the valuation of leave liability in its implementation of the International Public Sector Accounting Standards.**

452. This matter has a system-wide implication, and as noted in the Secretariat's response to paragraph 190 of the report of the Board of Auditors related to Volume I, it will be addressed in the context of the IPSAS system-wide group with a view to developing a harmonized approach across the United Nations.

Department responsible: Department of Management-United Nations

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2011

453. **In paragraph 44, the Board recommended that UNITAR include as part of UNITAR's results-based management processes the evaluation of all its sections in the programme performance report.**

Department responsible: Department of Research

Status: In progress

Priority: High

Target date: Second quarter of 2011

454. **In paragraph 48, the Board recommended that UNITAR, in coordination with the United Nations Office at Geneva, adhere to the requirements of section 15.1.2 of the Procurement Manual (2008 version) concerning vendor performance evaluation.**

Department responsible: Department of Support Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2010

455. **In paragraph 52, the Board recommended that UNITAR, in coordination with United Nations Office at Geneva, update the memorandum of service agreement on the basis of reforms currently being undertaken.**

Department responsible: Department of Support Services

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2010

456. **In paragraph 56, the Board recommended that UNITAR, in collaboration with the Office of Internal Oversight Services, ensure effective internal audit coverage at UNITAR.**

Department responsible: Department of Support Services

Status: In progress

Priority: High

Target date: Fourth quarter of 2011

B. Implementation of the recommendations contained in the report of the Board of Auditors for prior financial periods

457. In the annex to its report for the financial period ended 31 December 2009 (A/65/5/Add.4, chap. II), the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on (a) the 12 prior recommendations of the Board; and (b) the overall status of prior recommendations. As shown in the table below, 11 (92 per cent) have been either implemented or overtaken by events, and only 1 (8 per cent) is still outstanding.

458. The following table and chart summarize the overall situation.

Table 17

Status of implementation of recommendations from prior periods considered not fully implemented in the Annex to the report of the Board of Auditors for the financial period ended 31 December 2009

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Department of Support Services	1	—	—	1	1	—
Outstanding recommendations	**1**	**—**	**—**	**1**	**1**	**—**
Implemented/overtaken by events[a]	**11**	**—**	**11**	**—**	**—**	**—**
Overall status of prior recommendations	**12**	**—**	**11**	**1**	**1**	**—**

[a] As reported by the Board in A/65/5/Add.4, chap. II.